

CONTRIBUTIONS

BACKGROUND

Annually, Santee Cooper approves a budget which includes an amount for charitable contributions. Once that budget is set, historically, in determining whether to contribute money to a particular organization, the Board or the appropriate committee or the appropriate person looked at whether the contribution would further a public purpose as well as Santee Cooper's corporate purpose.

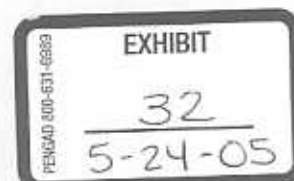
September 22, 2003: Contributions Committee Meeting. (minutes attached).

John West, general counsel for Santee Cooper, explained the legal context in which Santee Cooper considers contributions to charitable organizations. He stated that Santee Cooper has had a procedure in place for many years, the current one since 1994. Glen Brown, Corporate Secretary, reviewed the corporate policy entitled "Contributions." (attached). The policy allows the Vice President, H-G Division to approve contributions not exceeding \$500. The Corporate Secretary may approve contributions not exceeding \$2,500. The President may approve contributions not exceeding \$5,000. The Chairman of the Board can approve contributions not exceeding \$10,000. The Contributions Committee can approve contributions not exceeding \$25,000. The Board must approve contributions greater than \$25,000. Mr. Brown presented historical data for past 5 years and a comparison of Santee Cooper's contributions to other public utilities and investor owned utilities. (attached). There was discussion about whether it was appropriate for Santee Cooper to make charitable contributions and whether this practice is part of Santee Cooper's mission statement. The committee wanted further education and dialogue. A request from Georgetown County Chamber of Commerce had been received. A motion was made and seconded to approve a \$15,000 contribution. Director Coen, who was present but not a member of the Contributions Committee, expressed concern that it may not be proper to consider this request at present. Chairman Edwards moved to table the motion, Director Land seconded. Upon a unanimous vote, the motion was tabled.

October 24, 2003: Contributions Committee Meeting. (minutes attached).

Committee voted to approve contributions to Georgetown County Chamber of Commerce \$15,000 over a 3-year period and Brookgreen Garden \$25,000 over a 3-year period. "Following the vote, which required only Contributions Committee action, there was additional discussion and concerns expressed by non-committee members regarding Santee Cooper's contributions policy. As a result of the concerns expressed, Chairman Campbell, with unanimous consent of the Committee, agreed to refer these request to the full Board for discussion." (Note: The Board Meeting minutes for October 24, 2003 have no reference to discussions of contributions.)

November 24, 2003: Board Meeting. (minutes attached).



Chairman Edwards summarized concerns of certain directors and a discussion ensued. The Board unanimously voted to approve the continuation of Santee Cooper's contribution policy.

February 20, 2004: Contributions Committee Meeting. (minutes attached).

Chairman Campbell informed the committee that the Finance-Audit Committee had requested the Contributions Committee to conduct a review of the level of contributions and sponsorships for 2004-2006 and report back with a recommendation to the Finance-Audit Committee. Following an in-depth review and discussion, the Contributions Committee unanimously approved: (1) the continued processing of contributions and sponsorship requests in accordance with corporate procedures; (2) no approved request could have payment terms longer than 3 years; and (3) the contribution and sponsorship levels would be reviewed in conjunction with the upcoming strategic planning process.

September 26, 2004: Contributions Committee Meeting. (minutes attached).

Glen Brown stated that he met with Chairman Campbell to discuss ten requests that had been on hold for the past year. "He acknowledged the fact that the Board's last position regarding major contribution requests was that these requests would be held until they were addressed during the strategic planning process. Due to the length of time that had passed and the delay in beginning the strategic planning process, he and Chairman Campbell thought it best to update the Committee and Board on these requests." There was discussion about the continuation of Santee Cooper's contributions program among the committee members and other directors. Chairman Campbell reminded them that the Board had made a decision to continue the current contributions program until it had an opportunity to address it in the strategic planning process. He then recommended that the requests be considered. After a vote on the first of the various requests and a discussion of the second, Director Green expressed his concerns again and asked that a decision be postponed, although he was not a member of the Contributions Committee. A motion to table the request was made by Director DuBose. The motion was not seconded. The request was approved 4-1. Another request was presented. Chairman Edwards moved to recommend a contribution. Director Green again expressed his opposition. The motion carried 3-2. A last request was considered and approved 3-1, with an abstention. Two other requests were tabled until Chairman Campbell could discuss them with Director Green and Director Dove and gather additional information.

September 27, 2004: Board Meeting. (minutes attached).

Director Campbell moved to approve a contribution to Clarendon Memorial Hospital. Director Allen seconded the motion. Director Green asks the Board to hold off approving contributions requests. Director Coen moved to table the motion to approve the request. Director Green seconded the motion. The motion to approved the contribution to Clarendon Memorial Hospital was tabled.

On October 1, 2004, an article appeared in *The Post and Courier*, "Sanford takes utility to the woodshed." "Gov. Mark Sanford rebuked Santee Cooper's executives and board of directors Thursday for spending hundreds of thousands of dollars a year to sponsor golf and other tournaments at a time when the state's budget is tight. The scolding came during an annual budget meeting that Sanford held with the state-owned utility. . . .He also criticized the utility for giving money to various nonprofits. . . ."

10/1/04 9:27 a.m.: Email from Guerry Green to Lonnie Carter. "I got the impression that the Governor high lighted contributions, sponsorships and etc at last years budget meeting. I do not recall the Chairman or management reporting back to the board that the Governor was concerned about the issues or his thought concerning them. If it was the Governors impression that we were going to do something about these issues as a result of last years meeting then the board should have been made aware of this expectation. . . ."

10/1/04 12:18 p.m.: Email from Lonnie Carter to directors. "Guerry, I don't recall the Governor specifically bring (sic) up contributions or sponsorships. That is not say that he didn't. . . .Keith and Graham were there. I have asked them about their recollection. . . . We need look toward addressing the Governor's issues. The Governor made his wishes clear yesterday and we need to decide how to respond. To that end I am getting the staff to pull together all these type activities. . . . I will be ready to discuss this with the Board at our October meeting. I need to know what our policy on these items will be going forward. Right now I have directed management not to do any of these items unless they were committed to in writing prior to yesterday. . . ."

10/6/04 8:59 a.m.: Email from Keith Munson to directors and management. "The question came up after the meeting last week as to what extent contributions and sponsorships came up last year at the budget meeting. I checked my notes and they indicate that the Governor was interested in direct advertising (this was the issue I recall him dwelling on) and contributions, promotional activities and sponsorships. He asked for a list of our contributions. . . .Later that day (July 17, 2003), John Tiencken sent all board members a fax about the meeting, which noted that 'the governor and his staff asked numerous questions regarding . . .Contributions. . .'. Then on August 4, 2003, the Post and Courier did a report and noted that at the meeting, Governor 'Sanford ask about Santee Cooper's. . .Contributions (sic) to charity.'. Keith"

10/6/04 7:32 p.m.: Email from Guerry Green to some directors and management. "Everyone, My quick response to Keith's email is that those not attending the meeting last year were denied the message that the Governor wanted the board to hear. . . .If the Governor and his staff made it clear that we should address contributions, sponsorships and etc then the board as a whole was done a great disservice by not hearing that message. I have been told that there is no official report

from the Governor's meeting last year. Our Chairman should have made it clear that we as a board were expected to act on those issues. The fact that our chairman disagreed (sic) with the possibility of reducing contributions or sponsorships should not have weighed in the decision to leave the balance of the board out of the loop on the Governor;s (sic) expectations. The negative publicity could have been avoided if we had acted in a significant manner as expected by the Governor. There is a reoccurring theme that I am getting tired of, only certain pieces of information make its way to the board. All too often the pieces of information appear to be kept at a minimum to keep the board from addressing issues craddled (sic) by our chairman and management. It is unacceptable to be told only part of the story. At last October's meeting we discussed contributions. One was Brookgreen gardens and the other the Chamber of Commerce. Nothing was mentioned regarding the Governors request to review contributions. . . ."

10/8/04 9:08 a.m.: Email from Richard Coen. "Guerry is traveling and asked that I forward this to you. Also, he suggested that John West draft a resolution eliminating all contributions, sponsorships and expenses that may fall into either of these categories that we have not been privy to. . . ."

10/8/04 5:24 p.m.: Email from Lonnie Carter to board and management. "We are pulling together what Santee Cooper has been doing and spending on donations, sponsorships, economic development, entertainment Our report will include management's recommended changes which will be extensive. Graham is also traveling. He called and asked that I convey his desire that time be scheduled at the October Board meeting to fully discuss these matters. He recommends Board members receive management's report and discuss the appropriate policy changes before any conclusions are reached. . . ."

October 29, 2004: Board Meeting. (minutes attached.)

There is discussion on Santee Cooper's contributions policy. "There continued to be conflicting opinions with regard to whether or not Santee Cooper should discontinue all contributions, alter its contributions policy, or continue with its contributions program under the current policy. Director Land stated that contributions are a very small portion of Santee Cooper's business and that the issue of contributions is overwhelming the Board meetings. The controversy among the Board on this issue is causing staff to be reactive in researching and providing information and doesn't allow time to be spent on more pressing matters of the organization. He said the Board doesn't need to micromanage but should put their trust in management and allow them to do their jobs as outlined in corporate policy." More discussion ensued. The Board went into executive session to receive legal advice, apparently with regard to the implementation of a "round-up" program. Director Campbell made a motion, seconded by Director Sanders, to affirm Santee Cooper's current contributions policy. Following

discussion, Director Munson made a motion, seconded by Director Green, to change the approval levels for contributions requests. Director Munson's motion failed 1-10. The Board then voted to continue contributions policy 6 - 5 (those voting not to continue, Coen, Davis, DuBose, Green, and Munson). Director DuBose moved to place 3-month moratorium on new contributions or sponsorship requests, Director Munson seconded the motion. The Motion failed 5 - 6 (with the same split). The Board considered a request for matching funds of \$314,000 from the Department of Commerce to be used to market the State. Santee Cooper contributed \$50,000 to the fund in 2001. President Carter recommended a \$25,000 contribution, which was unanimously approved by the Board.

According to a news report, in late November, Santee Cooper "unveiled a blueprint [] that would cut the utility's donations and sponsorships next year by about 28 percent. "Utility to cut donations by 28%," *The Post and Courier*, 11/23/04. (article attached) The article states that about \$758,000 was cut from nonprofits, if directors approve the plan presented by Santee Cooper's executive staff. The article notes that most of the proposed cuts are allocations of a few hundred dollars.

ISSUES:

- (1) Has the Board circumvented the FOIA by the electronic communications regarding contributions?
- (2) Is someone "pulling the strings" of the directors, that is, is political influence driving the decision of some board members?
- (3) Conduct of directors - lack of courtesy and respect shown management and other directors.
- (4) Lack of understanding on the part of director(s) as to their role in the approval of contributions requests, resulting in lack of clear directions to management.

Policy

Effective Date: 06/17/2002

Number 6-02-05

Page 1 of 3

Title: CONTRIBUTIONS

Classification: Corporate

Interpretation Contact: Corporate Secretary

Approved by:

POLICY

I. Policy Statement

Santee Cooper contributes to activities and organizations which advance both a public purpose and the corporate purposes of Santee Cooper.

II. General

- A. Santee Cooper is a body corporate and politic created by statute and owned by the people of the State of South Carolina. Among other activities prescribed by law, Santee Cooper produces, sells and distributes electricity. It is in competition with other electric utilities in the provision of these services.
- B. Santee Cooper has had a longstanding practice of making contributions to charitable organizations and worthy causes. This practice has been deemed by the Board of Directors of Santee Cooper ("the Board") to enhance its competitive position and to be important generally in carrying out the prudent operation of the business of Santee Cooper.
- C. The Board has historically viewed requests for contributions in light of whether such a request furthers a public purpose as well as the corporate purposes of Santee Cooper. The Board finds it necessary and desirable and in the best interest of Santee Cooper and its ratepayers to affirm the application of the public purpose/corporate purpose standard and to better define the working framework for the handling of requests for contributions.
- D. No Board member or employee shall make any solicitation concerning and participate in any formal action regarding a proposed contribution to an organization with which he/she or any member of his/her household has an association. In addition, no Board member or employee shall be honored or recognized by the naming of a facility after that individual in return for a contribution.
- E. The following approval levels are applicable to the total commitment made to any single request:

	<u>Not To Exceed</u>
Vice President, H-G Division	\$ 500
Corporate Secretary	\$ 2,500
President	\$ 5,000
Chairman of the Board	\$10,000
Contributions Committee	\$25,000

The Board of Directors will review and act on any requests above \$25,000.

F. Evaluation of Requests

Subject to the requirement that a contribution advances public purpose(s) and corporate purpose(s), the evaluation of contribution requests include the following:

1. Santee Cooper may contribute to:

- education
- community/civic
- arts, culture and humanities
- environmental
- safety, health and human services
- economic development

2. Santee Cooper will not contribute to:

- individuals
- political campaigns/parties
- religious organizations
- private for-profit organizations
- solicitations received by form letters

PROCEDURE

I. Definitions

- A. Contribution - A grant of cash.
- B. Public Purpose - A purpose which has for its objective the promotion of health, safety, morals, general welfare, security, prosperity, and contentment of the general public.
- C. Corporate Purpose - A purpose, which has for its objective the furtherance of the lawful business interests and responsibilities of Santee Cooper.

II. Responsibilities:

- A. Corporate Secretary:
1. Budgets for contributions.
 2. Classifies all contribution requests for accounting purposes.
 3. Evaluates requests to determine whether they meet a public purpose and a corporate purpose.
 4. Processes requests including ensuring required approvals.

5. Prepares a quarterly report summarizing contribution disbursements for presentation to the Board.

B. Requester:

Submits requests for monetary grants in writing to the Corporate Secretary. It should contain a concise proposal which may include:

- purpose and mission of group requesting funds
- expected or intended results for use of funds
- financial status
- support received from other sources
- documentation to verify tax status
- such other documentation as is appropriate to evaluate the request

C. Vice-President, Horry-Georgetown Division:

Reviews all requests from Horry-Georgetown service area and submits recommended action to the Corporate Secretary for evaluation and processing.

MEETING OF THE CONTRIBUTIONS COMMITTEE
MADREN CENTER – EXECUTIVE BOARD ROOM
CLEMSON, SOUTH CAROLINA
MONDAY, SEPTEMBER 22, 2003 - 8:30 A.M.

Committee Members Present: Chairman Paul G. Campbell, Jr., Directors Vernie E. Dove, Sr., G. Dial DuBose, J. Calhoun Land, IV, James W. Sanders, Sr., and Board Chairman T. Graham Edwards, ex officio

Other Directors Present: Patrick T. Allen, Richard H. Coen, Clarence Davis, Guerry E. Green, and Keith D. Munson

Staff Members Present: John H. Tiencken, Jr., President and Chief Executive Officer, Bill McCall, Jr., Executive Vice President and Chief Operating Officer, John S. West, Executive Vice President and Chief Legal Officer, Lonnie N. Carter, Senior Vice President, Corporate Planning and Bulk Power, Elaine G. Peterson, Senior Vice President, Administration and Finance, Ben Cole, Senior Vice President, Community Development and Corporate Communications, Wm. Glen Brown, Jr., Corporate Secretary, Glenda W. Gillette, Controller, Elizabeth H. Warner, Assistant General Counsel, Litigation and Environmental Affairs, G. Denton Lindsay, Manager, Property Management, Richard S. Kizer, Director, Governmental Relations, W. David Ensor, Supervisor, Operations, and Pamela M. Gaskins, Administrative Assistant

Also in attendance was Ronald J. Calcaterra, President and Chief Executive Officer of Central Electric Power Cooperative, Inc.

On Tuesday, September 16, 2003, news media, persons, and organizations requesting notification of all public meetings were mailed agendas including the time, date, and location of the meeting.

Chairman Campbell presided, and Ms. Gaskins kept the minutes.

Upon motion made by Director Sanders, seconded by Director Land, the Committee voted unanimously to waive reading of the minutes of the April 25, 2003, Contributions Committee meeting and adopted the minutes as submitted.

Mr. West explained the legal context in which Santee Cooper considers contributions to charitable organizations. He stated the Board has historically viewed requests for contributions in light of whether such a request furthers a "public purpose" as well as the "corporate purposes" of Santee Cooper. He advised the Committee that Santee Cooper has had a procedure in place for many years and that the current procedure has been in effect since 1994.

Mr. Brown reviewed Corporate Policy Number 6-02-05, entitled "Contributions" (Exhibit CC 9-1-03), with the Committee. He emphasized that no Board member or employee should participate in any formal action regarding a proposed contribution to an organization with which he/she or any member of his/her household has an association. He explained the evaluation and approval process of contribution requests. Mr. Brown also presented historical data on Santee Cooper's contributions for the past five years and a comparison of Santee Cooper's contributions to other public utilities and investor owned utilities (Exhibit CC 9-2-03). He provided the Committee with

copies of the following: 1) an article entitled, "Give Back to the Community" (Exhibit CC 9-3-03), 2) Repetitive Contributions Summary (Exhibit CC 9-4-03), 3) Contributions Expenditures Monthly Report dated August 31, 2003 (Exhibit CC 9-5-03), and 4) Promotions Expenditures Monthly Report dated August 31, 2003 (Exhibit CC 9-6-03).

Director Davis entered the meeting.

There was discussion regarding whether or not it is an appropriate practice for Santee Cooper to make contributions to charitable organizations, and whether or not this practice is a part of Santee Cooper's mission statement. The Committee expressed a desire for further education and dialogue in regard to this matter at a future meeting.

Mr. Brown presented a request from Georgetown County Chamber of Commerce for a contribution to assist in the renovation of its new office headquarters (Exhibit CC 9-7-03).

Director Dove made a motion to approve a \$15,000 contribution, to be paid over a three-year period, to Georgetown County Chamber of Commerce. The motion was seconded by Director Land.


Director Coen expressed concern that in light of the Committee's decision to have further education and dialogue, as expressed above, it may not be proper to consider this request at present.

Upon motion by Chairman Edwards, seconded by Director Land, the Committee unanimously voted to table the pending motion until there is a formal decision regarding the continuation of contributions.

There being no further business and upon motion made and seconded, the meeting was adjourned.

Respectfully submitted,

APPROVED:


Pamela M. Gaskins
Administrative Assistant

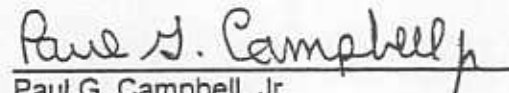

Paul G. Campbell, Jr.
Chairman

Exhibit CC 9-2-03

Presentation to Contributions Committee

September 22, 2003

Santee Cooper Contributions

Seniors Cooper Contributions

Actual Expenditures 1998 - 2002

<u>Year</u>	<u>Actual Expenditures</u>
2002	\$696,311
2001	\$755,288
2000	\$823,485
1999	\$798,596
1998	\$683,255

Years 1998 - 2000 include sponsorship

	2002 <u>Actual</u>	2002 <u>Budget</u>	2003 <u>Budget</u>	2003 <u>Actual</u>
Repetitive	\$312,000	\$400,000	\$425,000	\$387,000
United Ways	131,940	134,172	155,096	154,580
<u>Other</u>	<u>252,371</u>	<u>280,828</u>	<u>234,904</u>	<u>160,321</u>
Total	\$696,311	\$815,000	\$815,000	\$701,901

2003 Actuals were thru through 8/31/03.

Sainte Cooper Sponsorships / Promotions

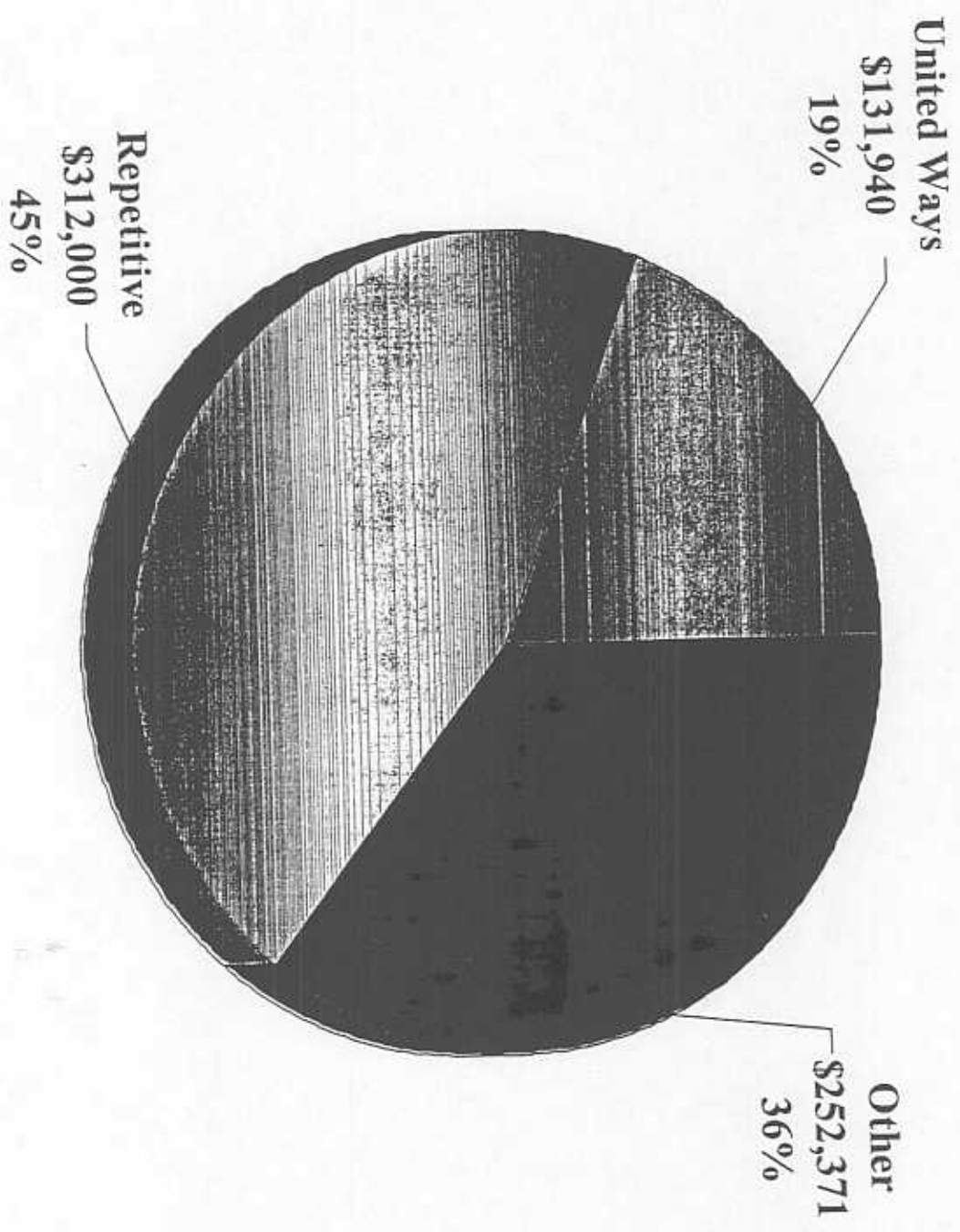
	2002	2002	2003	2003*
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Actual</u>
Sponsorships	\$430,040	\$372,275	\$390,700	\$379,924

Accounts Include Data From:

Community Relations
 H/C/ Division
 Corporate Communications

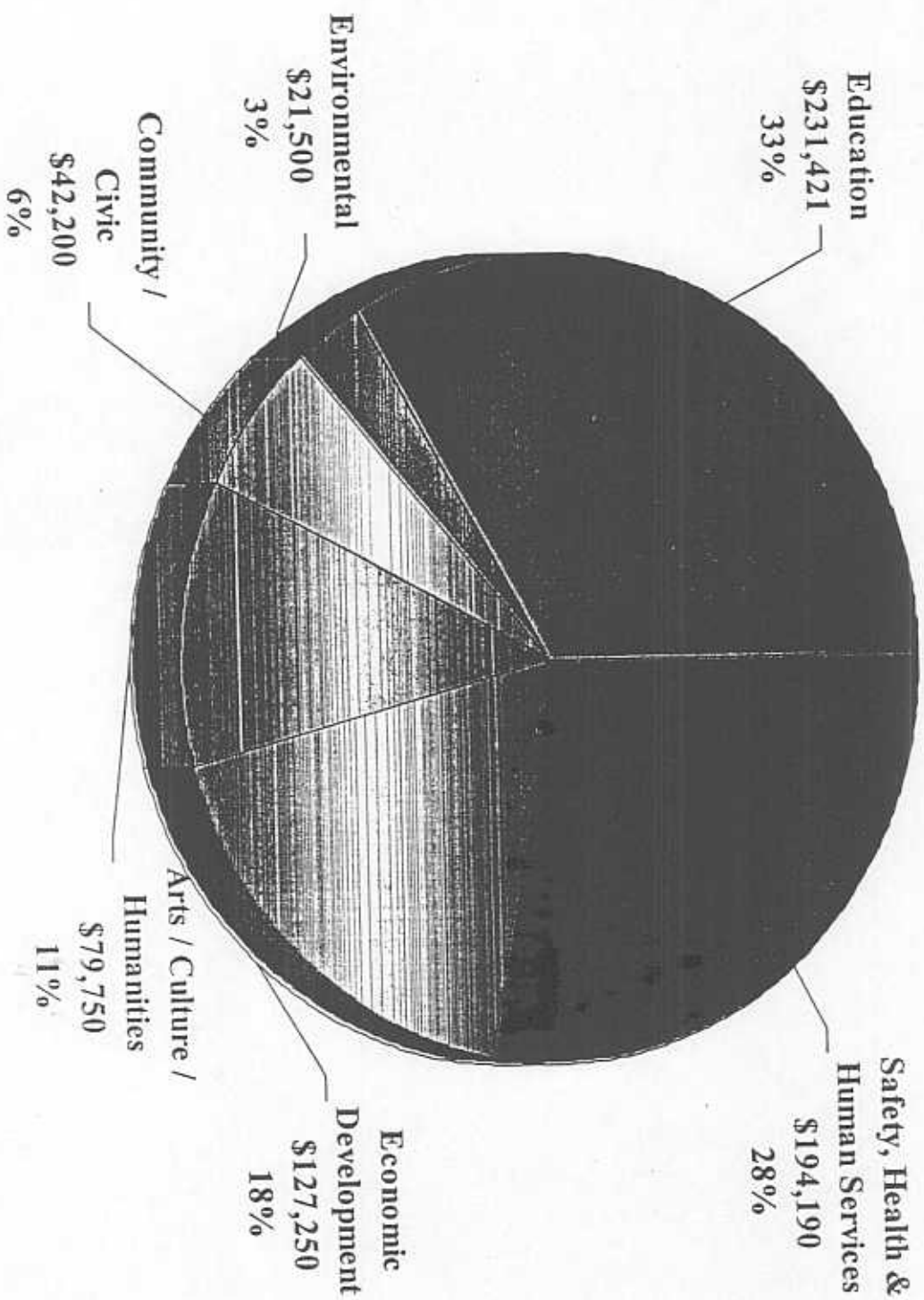
* 2003 Actuals are YTD through 8/31/03.

Seattle Cooper Contributions 2002 Contributions

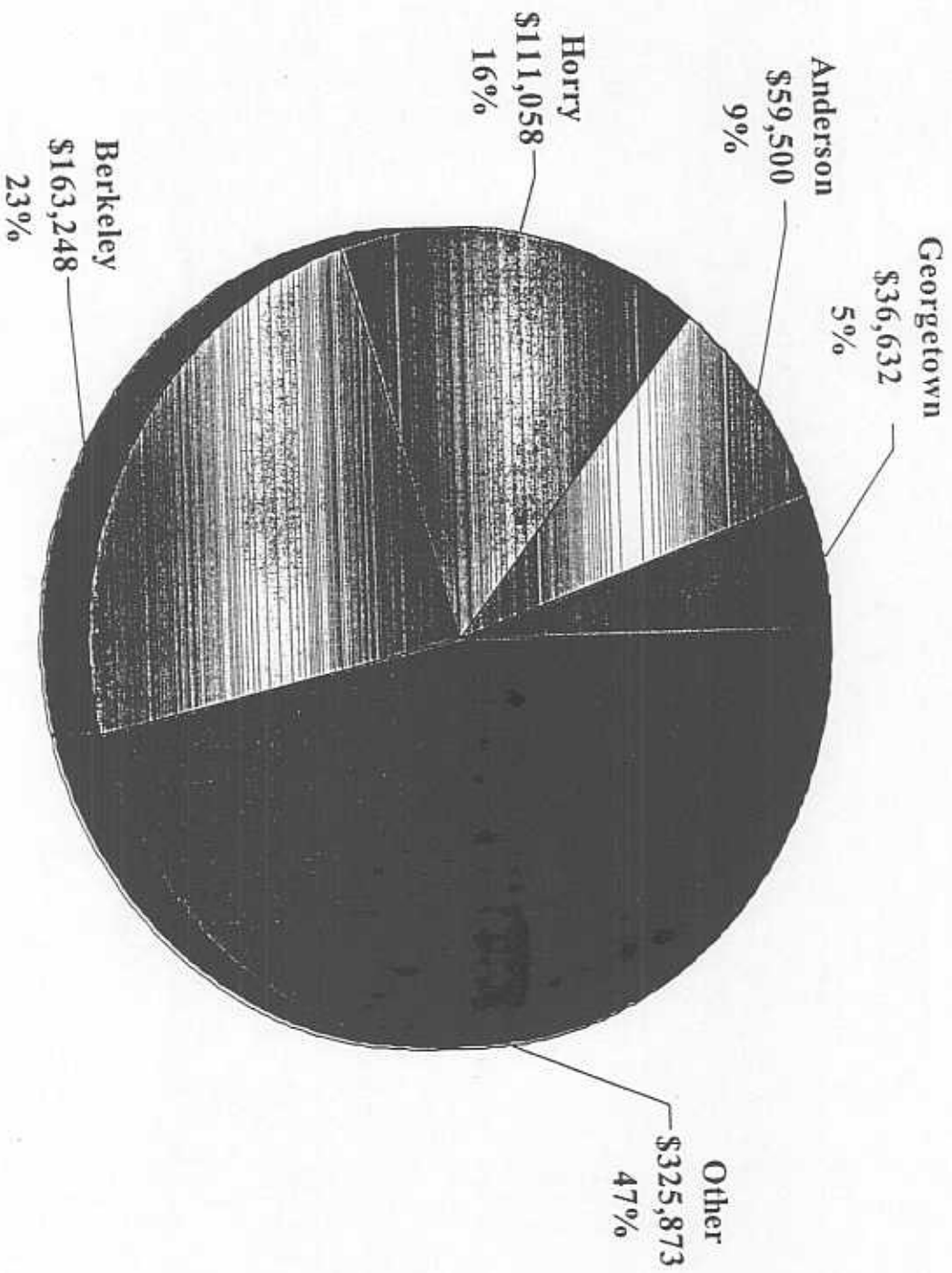


Stattee Cooper Contributions

2002 Contributions – Distribution by Type



Santa Cooper Contributions 2002 Contributions – Distribution by Location



Santee Cooper Contributions

Contributions as % of Total Electric Revenue (TER) CY2002

<u>Public Utility</u>	<u>TER</u>	<u>Contributions / Subsidies</u>
A	\$640,000,000	\$110,000 / 0
B	604,000,000	0 / 27,000
C	2,200,000,000	2,000,000
D	747,000,000	1.5% of gross revenues
Santee Cooper	1,029,124,000	696,311 / 430,040

Santee Cooper Contributions

Contributions as % of Total Electric Revenue (TER) CY2000

<u>Utility & SCC</u>	<u>TER</u>	<u>Contributions</u>	<u>%</u>
Duke Energy	\$4,834,813,928	\$27,053,271	.56
CP&L	3,320,711,805	6,956,286	.21
SCE&G	1,343,830,277	1,541,694	.11
Santee Cooper	847,960,000	823,485	.10

MEETING OF THE CONTRIBUTIONS COMMITTEE
LITCHFIELD BEACH AND GOLF RESORT – FRANCIS MARION ROOMS C & D
PAWLEYS ISLAND, SOUTH CAROLINA
FRIDAY, OCTOBER 24, 2003 - 11:15 A.M.

Committee Members Present: Chairman Paul G. Campbell, Jr., Directors Vernie E. Dove, Sr., G. Dial DuBose, J. Calhoun Land, IV, James W. Sanders, Sr., and Board Chairman T. Graham Edwards, ex officio

Other Directors Present: Patrick T. Allen, Richard H. Coen, Clarence Davis, Guerry E. Green, and Keith D. Munson

Staff Members Present: John H. Tiencken, Jr., President and Chief Executive Officer; Bill McCall, Jr., Executive Vice President and Chief Operating Officer; John S. West, Executive Vice President and Chief Legal Officer; Lonnie N. Carter, Senior Vice President, Corporate Planning and Bulk Power; Elaine G. Peterson, Senior Vice President, Administration and Finance; Ronald H. Holmes, Vice President, Human Resource Management; Wm. Glen Brown, Jr., Corporate Secretary; Glenda W. Gillette, Controller; Richard S. Kizer, Director, Governmental Relations; Jill Watts, Director, Customer Communications; W. David Ensor, Supervisor, Operations; and Pamela M. Gaskins, Assistant Corporate Secretary

On Wednesday, October 22, 2003, news media, persons, and organizations requesting notification of all public meetings were mailed agendas including the time, date, and location of the meeting.

Chairman Campbell presided, and Ms. Gaskins kept the minutes.

Upon motion made by Director DuBose, seconded by Director Land, the Committee voted unanimously to waive reading of the minutes of the September 22, 2003, Contributions Committee meeting and adopted the minutes as submitted.

Mr. Brown presented a request from Georgetown County Chamber of Commerce for a contribution to assist in the renovation of its new office headquarters (Exhibit CC 10-1-03).

Following discussion and upon motion by Director DuBose, seconded by Director Land, the Committee unanimously voted to approve a \$15,000 contribution, to be paid over a three-year period at \$5,000 per, to Georgetown County Chamber of Commerce.

Mr. Brown presented a request from Brookgreen Gardens for a contribution to assist in their program of the Center for American Sculpture.

Director DuBose left the meeting and did not return.

Following discussion and upon motion by Director Dove, seconded by Director Land, the Committee unanimously voted to approve a \$25,000 contribution, to be paid over a three-year period, to Brookgreen Gardens. Yearly payments would be \$5,000 in 2004, \$10,000 in 2005 and \$10,000 in 2006.

Meeting of the Contributions Committee
October 24, 2003
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Following the vote, which required only Contributions Committee action, there was additional discussion and concerns expressed by non-committee members regarding Santee Cooper's current contributions policy. As a result of the concerns expressed, Chairman Campbell, with unanimous consent of the Committee, agreed to refer these requests to the full Board for discussion.

There being no further business and upon motion made and seconded, the meeting was adjourned.

Respectfully submitted,

APPROVED:

Pamela M. Gaskins
Pamela M. Gaskins/
Assistant Corporate Secretary

Paul G. Campbell, Jr.
Paul G. Campbell, Jr.
Chairman

MEETING OF THE BOARD OF DIRECTORS
SANTEE COOPER'S MAIN OFFICE HEADQUARTERS - BOARD ROOM
MONCKS CORNER, SOUTH CAROLINA
MONDAY, NOVEMBER 24, 2003 - 10:30 A.M.

Regular Session

Directors Present: Chairman T. Graham Edwards, Directors Patrick T. Allen, Paul G. Campbell, Jr., Richard H. Coen, Clarence Davis, Vernie E. Dove, Sr., G. Dial DuBose, Guerry E. Green, J. Calhoun Land, IV, Keith D. Munson, and James W. Sanders

Staff Members Present: John H. Tiencken, Jr., President and Chief Executive Officer; Bill McCall, Jr., Executive Vice President and Chief Operating Officer; John S. West, Executive Vice President and Chief Legal Officer; Lonnie N. Carter, Senior Vice President, Corporate Planning and Bulk Power; Elaine G. Peterson, Senior Vice President, Administration and Finance; Ben Cole, Senior Vice President, Community Development and Corporate Communications; Wm. Glen Brown, Jr., Corporate Secretary; Glenda W. Gillette, Controller; Thomas L. Richardson, General Auditor; Richard S. Kizer, Director, Governmental Relations; W. David Ensor, Supervisor, Operations; and Pamela M. Gaskins, Assistant Corporate Secretary

Also in attendance were John T. Daniel and Daniel Heimowitz of Lehman Brothers and Francis J. Ingrassia of Goldman Sachs.

On Wednesday, November 19, 2003, news media, persons, and organizations requesting notification of all public meetings were mailed agendas including the time, date, and location of the meeting.

Chairman Edwards called the meeting to order. He presided, and Ms. Gaskins kept the minutes.

Upon motion by Director Campbell, seconded by Director Land, the Board voted unanimously to waive reading of the minutes of the October 24, 2003, Board Meeting and adopted the minutes as submitted.

Media Clippings (Exhibit MB 11-1-03) dated October 2003 were mailed to the Board prior to the meeting.

Ms. Gillette presented the year to date financial report for the period ending October 2003 (Exhibit MB 11-2-03). The Financial Statement dated October 2003 (Exhibit MB 11-03-03) was mailed to the Board prior to the meeting.

Chairman Edwards recapped previous concerns expressed by certain members of the Board in regard to Santee Cooper's current contributions policy.

Director Campbell made a motion to continue with the current contribution policy (Exhibit MB 11-4-03). This motion was seconded by Director DuBose.

During the discussion, it was noted by some that although they are in agreement to continue with the contribution policy, they still have concerns regarding the entities receiving these contributions and the contributions budget. Chairman Edwards stated that these concerns would be referred to the Contributions Committee for review.

There being no further discussion of this matter, Chairman Edwards put the motion to vote. The Board unanimously voted to approve the continuation of Santee Cooper's current contribution policy.


Chairman Edwards called for an Executive Session for the Board to discuss contractual matters and receive legal advice. Upon motion by Director Campbell, seconded by Director Land, the Board unanimously voted to enter Executive Session with Mr. Tiencken, Mr. McCall, Mr. West, Mr. Carter, and Ms. Peterson in attendance. Mr. Ingrassia, Mr. Daniel, and Mr. Heimowitz later joined the meeting during Executive Session.

The Board returned to Regular Session. Chairman Edwards reported that no action was taken in Executive Session.

Chairman Edwards stated that the state government of South Carolina has experienced substantial budget difficulties and revenue shortfalls, and that the Board of Directors of Santee Cooper has determined that Santee Cooper should provide some aid to state government. He presented a resolution (Exhibit MB 11-5-03) for consideration, which would provide assistance to the State of South Carolina by establishing the following:

- A) Establish, in conjunction with the South Carolina Department of Commerce, a "Rural Economic Development Fund", to assist economic development initiatives in the rural areas of South Carolina through incentives, land acquisition, infrastructure funding, loans and related assistance. Santee Cooper would pay over to the Fund an initial sum of \$5 million in 2004, with an additional payment into the Fund of \$5 million in 2005.
- B) Establish, in conjunction with the South Carolina Department of Parks, Recreation and Tourism, an "Advertising and Marketing Fund" to assist in advertising and marketing initiatives in South Carolina. Santee Cooper would pay over to this Fund an initial sum of \$1 million in 2004, with an additional payment into the Fund of \$1 million in each of the next two (2) years.
- C) Establish an "Entrepreneurship Fund" to fund a program that encourages entrepreneurship in various parts of the State of South Carolina, with particular emphasis being placed in distressed counties. Santee Cooper would pay over to this Fund an initial sum of \$100,000.

Director Campbell made a motion to adopt the resolution as presented by Chairman Edwards. The motion was seconded by Director Dove.

 Following discussion, Director Munson made a motion to amend the main motion to include an additional cash payment of \$15 million to the State of South Carolina and postpone the establishment of the three funds for one year. Director Green seconded the amendment.

Director Coen made a motion to table the main motion and the amended motion to allow for further discussion. Director DuBose seconded the motion to table.

Director Coen stated that he felt it would be a conflict of interest for Director Campbell to participate in the voting on the motions on the table, since he is employed by one of Santee Cooper's largest industrial customers. Director Coen asked Director Campbell to recuse himself from voting on these motions.

Director Campbell stated that he disagreed with Director Coen's statement. Director Campbell stated that he was serving on the Santee Cooper Board of Directors at Governor Sanford's request to represent all industrial customers.

Mr. West, as legal counsel, confirmed that Director Campbell's employment with one of Santee Cooper's largest industrial customers did not pose a conflict of interest.

Chairman Edwards put the motion to table to question via roll call voting. The motion to table did not carry. Voting results are as follows:

Director Campbell	-	No
Director Sanders	-	No
Director Davis	-	Yes
Director Coen	-	Yes
Director Green	-	Yes
Director DuBose	-	Yes
Director Munson	-	No
Director Dove	-	No
Director Allen	-	No
Director Land	-	No

Director Coen asked that the minutes reflect that he had requested that the payment to the state issue not be decided at this time, that there be additional time scheduled to further discuss this issue, and that the Chairman denied his request.

Chairman Edwards put the amendment to the main motion to question via roll call voting. The amendment to the main motion did not carry. Voting results are as follows:

Director Campbell	-	No
Director Sanders	-	No
Director Davis	-	Yes
Director Coen	-	No
Director Green	-	Yes
Director DuBose	-	No
Director Munson	-	Yes
Director Dove	-	No
Director Allen	-	No
Director Land	-	No

Chairman Edwards put the main motion to question via roll call voting. Voting resulted in a tie vote. Chairman Edwards cast the determining vote. The motion carried and the resolution was adopted. Voting results are as follows:

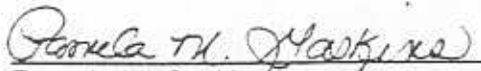
Director Campbell	-	Yes
Director Sanders	-	Yes
Director Davis	-	No
Director Coen	-	No
Director Green	-	No
Director DuBose	-	No
Director Munson	-	No
Director Dove	-	Yes
Director Allen	-	Yes
Director Land	-	Yes
Chairman Edwards	-	Yes


Director Coen introduced a motion to have a special called meeting of the Board of Directors to discuss Santee Cooper's relationship with the State of South Carolina. The motion did not receive a second; however, there was discussion.

There being no further business and upon motion made and seconded, the meeting was adjourned.

Respectfully submitted,

APPROVED:


Pamela M. Gaskins
Assistant Corporate Secretary


T. Graham Edwards
Chairman

November 24, 2003

Adopted ☒Rejected ☐Postponed ☐

RESOLUTION

WHEREAS, the South Carolina Public Service Authority (Santee Cooper) is a body corporate and politic created by Act of the South Carolina General Assembly in 1934 codified in S.C. Code Ann. §58-31-10 et seq., as amended; and

WHEREAS, Santee Cooper is authorized thereby to generate, transmit and distribute electricity and to treat and sell potable water at wholesale; and

WHEREAS, Santee Cooper is as a matter of law a self-sustaining, self-liquidating entity which does not derive appropriations from the State of South Carolina for its operations; and

WHEREAS, Santee Cooper finances its operations from revenues from the sale of electricity and water and from the issuance of indebtedness consisting of bonds and notes guaranteed by a pledge of Santee Cooper's revenues; and

WHEREAS, pursuant to S.C. Code Ann. §58-31-110, Santee Cooper's Board of Directors is authorized to pay over semi-annually to the State Treasurer "... any and all net earnings thereof not necessary or desirable for the prudent conduct and operation of its business ..."; and

WHEREAS, Santee Cooper's Board of Directors has complied with the provisions of the above referenced statute, specifically determining each year since 1989 that one (1%) percent of its gross operating revenues is a lawful and appropriate payment to the State of South Carolina; and

WHEREAS, based on Santee Cooper's payment to the state policy and practice, the financial community has purchased Santee Cooper's indebtedness and with other considerations rated Santee Cooper's bonds Aa2 by Moody's, AA by Fitch and AA- by Standard and Poor's respectively; and

WHEREAS, in recent years the state government of South Carolina has experienced substantial budget difficulties and multi-million dollar revenue shortfalls; and

WHEREAS, the Board of Directors of Santee Cooper, being mindful that the people of South Carolina are one of Santee Cooper's constituent groups, has determined that Santee Cooper should appropriately provide resources and expertise to aid state government; and

WHEREAS, in executing its discretion and judgment to provide assistance, by way of resources and expertise, to the State of South Carolina, the Board of Directors specifically and expressly confirms and affirms the standing policy and practice of paying over to the State of South Carolina one (1%) percent of its gross operating revenues pursuant to S.C. Code Ann. §58-31-110 and declares the actions and authorizations hereunder to be separate and supplemental thereto; and

WHEREAS, one of the most critical and pressing economic development needs in South Carolina relates to the rural areas of the state; and

WHEREAS, Santee Cooper can and should add additional value to the State of South Carolina by establishing, in conjunction with the South Carolina Department of Commerce, a "Rural Economic Development Fund" to assist economic development initiatives in the rural areas of South Carolina through incentives, land acquisition, infrastructure funding, loans and related assistance; and

WHEREAS, the Board of Directors finds it to be appropriate that Santee Cooper pay over to the fund an initial sum of \$5,000,000.00 in 2004, with an additional payment into the Fund of \$5,000,000.00 in 2005; and

WHEREAS, advertising and marketing initiatives in South Carolina have proven over the years to be very effective in promoting economic development in South Carolina; and

WHEREAS, Santee Cooper can and should add additional value to the State of South Carolina by establishing, in conjunction with the South Carolina Department of Parks, Recreation and Tourism, an "Advertising and Marketing Fund" to assist in advertising and marketing initiatives in South Carolina; and

WHEREAS, the Board of Directors finds it to be appropriate that Santee Cooper pay over to the Fund an initial sum of \$1,000,000.00 in 2004, with an additional payment into the Fund of \$1,000,000.00 in each of the next two (2) years; and

WHEREAS, Santee Cooper can and should add additional value to the State of South Carolina by establishing a program that encourages entrepreneurship in various parts of the State of South Carolina, with particular emphasis being placed in distressed counties and creating an "Entrepreneurship Fund".

NOW THEREFORE, BE IT RESOLVED that upon approval of the President and Chief Executive Officer, the Treasurer of Santee Cooper is authorized to arrange for the payment and to pay over to an account or accounts maintained by Santee Cooper an initial sum of \$5,000,000.00 in 2004, with an additional payment of \$5,000,000.00 in 2005 to be used in establishing a Rural Economic Development Fund according to such

rules of governance, administration and disbursement as are established between Santee Cooper and the Department of Commerce; and

BE IT FURTHER RESOLVED that upon approval of the President and Chief Executive Officer, the Treasurer is authorized to arrange for the payment and to pay over to an account or accounts maintained by Santee Cooper an initial sum of \$1,000,000.00 to be used in establishing an Advertising and Marketing Fund according to such rules of governance, administration and disbursement as are established between Santee Cooper and the Department of Parks, Recreation and Tourism, with an additional payment to the fund of \$1,000,000.00 each over the next two (2) years; and

BE IT FURTHER RESOLVED that upon approval of the President and Chief Executive Officer, the Treasurer of Santee Cooper is authorized to arrange for the payment and to pay over to an account or accounts maintained by Santee Cooper an initial sum of \$100,000.00 to be used in establishing an Entrepreneurship Fund according to such rules of governance, administration and disbursement as are established by Santee Cooper.

MEETING OF THE CONTRIBUTIONS COMMITTEE
SANTEE COOPER HEADQUARTERS - BOARD ROOM (#605)
MONCKS CORNER, SOUTH CAROLINA
FRIDAY, FEBRUARY 20, 2004 - 9:00 A.M.

Committee Members Present: Chairman Paul G. Campbell, Jr., Directors Vernie E. Dove, Sr., G. Dial DuBose, J. Calhoun Land, IV, James W. Sanders, Sr., and Board Chairman T. Graham Edwards, ex officio

Staff Members Present: Lonnie N. Carter, President and Chief Executive Officer; Bill McCall, Jr., Executive Vice President and Chief Operating Officer; John S. West, Executive Vice President and Chief Legal Officer; Elaine G. Peterson, Senior Vice President, Administration and Finance; Wm. Glen Brown, Jr., Corporate Secretary; Pamela M. Gaskins, Assistant Corporate Secretary, and Hazel L. Modica, Administrative Assistant

Directors Vernie E. Dove, Sr., G. Dial DuBose, J. Calhoun Land, IV, and James W. Sanders participated in the meeting via telephone conference call.

Chairman Edwards, Director Campbell, Mr. Carter, Mr. McCall, Mr. West, Ms. Peterson, Mr. Brown, Ms. Gaskins, and Ms. Modica participated in the meeting at the Santee Cooper headquarters in Moncks Corner, South Carolina.

On Monday, February 16, 2004, news media, persons, and organizations requesting notification of all public meetings were mailed agendas including the time, date, and location of the meeting.

Chairman Campbell presided, and Ms. Gaskins kept the minutes.

Upon motion made by Director Land, seconded by Director Sanders, the Committee voted unanimously to waive reading of the minutes of the October 24, 2003, Contributions Committee meeting and adopted the minutes as submitted.

Chairman Campbell stated that at the December 2003 meeting of the Finance-Audit Committee, there was a discussion regarding funds budgeted for corporate contributions and sponsorships, specifically, the discussion centered on whether or not a cap should be placed on these budgeted funds. The Contributions Committee was asked to conduct a review of the level of contributions and sponsorships for the next three years (2004-2006) and report back with a recommendation to the Finance-Audit Committee.

The following information (Exhibit CC 2-1-04) was provided to each Committee member for their review prior to the meeting: 1) budget to actual comparison for the years 1999 to 2003; 2) final 2003 contributions report; 3) final 2003 sponsorships report, 4) breakdown of government and public schools support provided in 2003; 5) 2004 repetitive contributions summary; 6) 2004 contributions budget; 7) contributions and sponsorships budgets from 2004 to 2006; and 8) contribution and sponsorship requests on hold. There was discussion regarding this information. It was noted that contributions and sponsorships given to state and local governments and public schools provide an opportunity to assist communities in areas of the state where Santee Cooper does not pay property taxes.

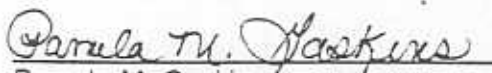
Following an in-depth review and discussion of Santee Cooper's contributions procedure and upon motion by Director DuBose, seconded by Director Dove, the Contributions Committee unanimously approved the following:

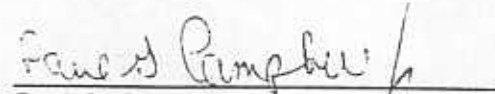
- Management should continue processing contribution and sponsorship requests in accordance with corporate procedures and within approved budget levels.
- No approved contribution request shall have payment terms exceeding three years unless otherwise authorized by the Board of Directors. This change will be reflected in Santee Cooper's contribution policy.
- The contribution and sponsorship levels will be reviewed in conjunction with the upcoming strategic planning process.

There being no further business and upon motion made and seconded, the meeting was adjourned.

Respectfully submitted,

APPROVED:


Pamela M. Gaskins
Assistant Corporate Secretary


Paul G. Campbell, Jr.
Chairman

MEETING OF THE CONTRIBUTIONS COMMITTEE
WAMPEE CONFERENCE AND TRAINING CENTER
PINOPOLIS, SOUTH CAROLINA
SUNDAY, SEPTEMBER 26, 2004 - 4:30 P.M.

Committee Members Present: Chairman Paul G. Campbell, Jr., Directors Vernie E. Dove, Sr., G. Dial DuBose, J. Calhoun Land, IV, and Board Chairman T. Graham Edwards, ex officio

Committee Member(s) Absent: James W. Sanders, Sr.

Other Directors Present: Patrick T. Allen, Richard H. Coen, Clarence Davis, Guerry E. Green, and Keith D. Munson

Staff Members Present: Lonnie N. Carter, President and Chief Executive Officer; Bill McCall, Jr., Executive Vice President and Chief Operating Officer; John S. West, Executive Vice President and Chief Legal Officer; Elaine G. Peterson, Executive Vice President and Chief Financial Officer; R. M. Singletary, III, Senior Vice President, Corporate Services; Laura G. Varn, Vice President, Corporate Communications and Media Relations; Wm. Glen Brown, Jr., Corporate Secretary; Mr. Richard S. Kizer, Director Governmental Relations; W. David Ensor, Supervisor, Operations; and Pamela M. Gaskins, Assistant Corporate Secretary

Mr. Kyle Stock of *The Post and Courier* was also present.

Directors DuBose, Land, Allen, Davis and Munson participated in the meeting via telephone conference call.

Chairman Edwards, Director Campbell, Director Dove, Director Coen, Director Green, Mr. Carter, Mr. McCall, Mr. West, Ms. Peterson, Mr. Singletary, Mr. Brown, Mr. Kizer, Ms. Varn, Mr. Ensor, Ms. Gaskins, and Mr. Stock participated in the meeting at the Wampee Conference and Training Center in Pinopolis, South Carolina.

On Tuesday, September 21, 2004, news media, persons, and organizations requesting notification of all public meetings were mailed agendas including the time, date, and location of the meeting.

Chairman Campbell presided, and Ms. Gaskins kept the minutes.

Upon motion made by Director Land, seconded by Director DuBose, the Committee voted unanimously to waive reading of the minutes of the February 20, 2004, Contributions Committee meeting and adopted the minutes as submitted.

Mr. Brown noted that, as instructed by the Board, the Contributions Procedure had been changed to include that no request shall exceed payment terms more than three years unless approved by the Board. He also said that The Coastal Community Foundation is expected to present a proposal for administering Santee Cooper's contributions program.

Mr. Brown stated that he met with Chairman Campbell to discuss ten requests which have been placed on hold over the past year. He acknowledged the fact that the Board's last position regarding major contribution requests was that these requests would be held until they were addressed during the strategic planning process. Due to the length of time that has passed and the delay in beginning the strategic planning process, he and Chairman Campbell thought it best to update the Committee and Board on these requests. Mr. Brown distributed a handout

(Exhibit CC 9-1-04) which included a summary sheet listing information regarding the ten requests, information on four requests on which approval is requested, and another summary sheet indicating the net effect on the budget if the Committee and Board choose to approve the four recommendations.

Referring to the summary sheet regarding the ten requests, Chairman Campbell advised that action on the requests from the following entities will be postponed and given consideration in conjunction with proposals by state colleges and universities for environmentally beneficial energy efficient technologies projects as part of the Environmental Protection Agency Consent Decree:

- The College of Charleston – (Establish a permanent endowment in environmental studies program to support environmental projects and activities such as research fellowships, community impact projects, and service awards.)
- Francis Marion University – (Establish the Santee Cooper Scholarship Fund which will be used to support students in pre-engineering, mathematics, computer science, business, and life and/or environmental sciences.)
- Coastal Carolina University – (Assist with the costs of a new green science center. Center will be a showplace for environmentally sound and resource efficient building design, construction and maintenance.)

Mr. Brown presented a request from Clarendon Memorial Hospital for \$100,000 over 3-5 years in support of construction of a new wing to be utilized as a centralized women's care facility. He explained that this contribution meets Santee Cooper's public and corporate purposes of health care and economic development. He also noted that Santee Cooper's employees would utilize the facility. He recommended consideration of a \$30,000 contribution to be paid over a three-year period, beginning January 2005.

There were conflicting opinions expressed by members of the Board with regard to the continuation of Santee Cooper's contributions program. Director Green stated that he thinks giving of contributions to organizations that have a business relationship with Santee Cooper or the Cooperatives, which are served by Santee Cooper, poses a conflict of interest. Director Coen stated that he doesn't feel that Santee Cooper should be giving contributions. Chairman Edwards and Director Allen both stated that Santee Cooper has an obligation to be a "good neighbor" to the communities it serves.

Chairman Campbell reminded the Board that a decision was previously made to continue with the current contributions program until the Board has an opportunity to address the program during the strategic planning process. Therefore, he recommended that each of these requests be considered and a decision be rendered by the Committee.

Director Dove made a motion to recommend to the Board for approval a \$30,000 contribution at \$10,000 per year over three years beginning January 2005 to Clarendon Memorial Hospital. The motion was seconded by Chairman Edwards.

Chairman Campbell put the motion to question via roll call voting. The motion carried and the request shall be presented to the full Board for approval. Voting results are as follows:

Director Vernie E. Dove, Sr.	- Yes
Director G. Dial DuBose	- Yes
Director J. Calhoun Land, IV	- Abstained*
Chairman T. Graham Edwards**	- Yes
Chairman Paul G. Campbell, Jr.	- Yes

**Director Land is a member of the Hospital Foundation Board.*

***Designated proxy for Director James W. Sanders, Sr.*

Mr. Brown presented a request from Williamsburg Technical College for \$100,000 over five years in support of their Community Enrichment Center. He discussed the close proximity of the school to Santee Cooper's facilities. He explained that this contribution meets Santee Cooper's public and corporate purposes of education and economic development. He recommended consideration of a \$15,000 contribution to be paid over a two-year period beginning January 2005.

There was discussion. Director Green expressed his concerns again and asked that a decision be postponed, while others requested that the request be dealt with.

Director Dove made a motion to approve a \$15,000 contribution at \$7,500 over two years beginning January 2005 to Williamsburg Technical College. The motion was seconded by Director Land.

Director DuBose made a motion to table the main motion. The motion did not receive a second.

Chairman Campbell put the main motion to question via roll call voting. The motion carried and the contribution was approved. Voting results are as follows:

Director Vernie E. Dove, Sr.	- Yes
Director G. Dial DuBose	- No
Director J. Calhoun Land, IV	- Yes
Chairman T. Graham Edwards*	- Yes
Chairman Paul G. Campbell, Jr.	- Yes

**Designated proxy for Director James W. Sanders, Sr.*

Mr. Brown presented a request from Horry Georgetown TEC for \$189,000 for installation of a Distance Learning Channel in three classrooms. He explained that this contribution meets Santee Cooper's public and corporate purposes of education and economic development. He recommended consideration of a \$100,000 contribution to be paid over a three-year period (\$35,000 in 2005, \$35,000 in 2006, and \$30,000 in 2007).

Chairman Edwards made a motion to recommend to the Board for approval a \$100,000 contribution to be paid over a three-year period (\$35,000 in 2005, \$35,000 in 2006, and \$30,000 in 2007) to Horry Georgetown TEC. The motion was seconded by Director Land.

Director Green expressed his opposition to approval of this request.

Chairman Edwards asked Director Green as the representative for Georgetown County, if he believed this was a need for that area. Director Green replied "no" and added that he opposes contributions in general.

Chairman Campbell put the motion to question via roll call voting. The motion carried and the request will be presented to the full Board for approval. Voting results are as follows:

Director Vernie E. Dove, Sr.	- Yes
Director G. Dial DuBose	- No
Director J. Calhoun Land, IV	- Yes
Chairman T. Graham Edwards*	- No
Chairman Paul G. Campbell, Jr.	- Yes

**Designated proxy for Director James W. Sanders, Sr.*

The next item of business was a request from the South Carolina Center for Birds of Prey. Mr. Brown abstained from any discussion regarding this request, stating that he is currently serving as a member of the Birds of Prey's board of directors. Chairman Campbell also abstained from discussion, stating that he is currently serving on the Birds of Prey's Campaign Committee. Mr. Carter presented the request from the S.C. Center for Birds of Prey for \$250,000 in support of the International Center for Birds of Prey. He explained that this contribution meets Santee Cooper's public and corporate purposes of economic development, environmental, and education. He recommended consideration of a \$100,000 contribution, of which \$50,000 would be paid from the Economic Development budget and the remaining \$50,000 would be paid from the Contributions budget over a two-year period at \$25,000 per year beginning January 2005.

Chairman Campbell left the meeting during Mr. Carter's presentation and returned.

Director Dove made a motion to recommend to the Board for approval a \$100,000 contribution to the South Carolina Center for Birds of Prey, of which \$50,000 would be paid from the Economic Development budget and the remaining \$50,000 would be paid from the Contributions budget over a two-year period at \$25,000 per year beginning January 2005. The motion was seconded by Director Land.

Chairman Edwards put the motion to question via roll call voting. The motion carried and the request will be presented to the full Board for approval. Voting results are as follows:

Director Vernie E. Dove, Sr.	- Yes
Director G. Dial DuBose	- No
Director J. Calhoun Land, IV	- Yes
Chairman T. Graham Edwards*	- Yes
Chairman Paul G. Campbell, Jr.	- Abstained**

*Designated proxy for Director James W. Sanders, Sr.

**Chairman Campbell is a member of the Center's Campaign Committee

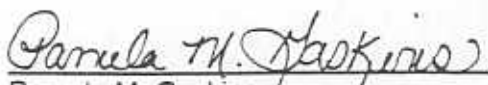
Mr. Brown deferred discussions on contribution requests from Waccamaw Community Foundation and Central Carolina TEC to Chairman Campbell. Chairman Campbell recommended these two requests be tabled until he had an opportunity to discuss them with Director Green and Director Dove, and to gather additional information.

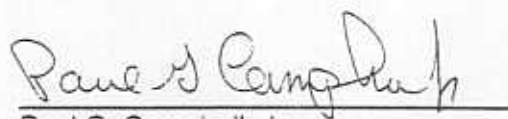
Upon motion by Director Land, seconded by Director DuBose, the Committee unanimously voted to table discussions regarding contribution requests received from Waccamaw Community Foundation and Central Carolina TEC.

There being no further business and upon motion made and seconded, the meeting was adjourned.

Respectfully submitted,

APPROVED:

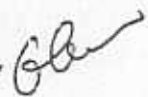

Pamela M. Gaskins
Assistant Corporate Secretary


Paul G. Campbell, Jr.
Chairman

INTER-OFFICE COMMUNICATION

DATE: February 6, 2004

TO: Contributions Committee:
Paul Campbell, Chair
Vernie Dove
Dial DuBose
Cal Land
James Sanders

FROM: Wm. Glen Brown, Jr., Corporate Secretary 

SUBJECT: Contributions and Sponsorships Review

At the December 2003 meeting of the Finance-Audit Committee, there was a discussion regarding funds budgeted for corporate contributions and sponsorships. Specifically, discussion centered on whether or not a cap should be placed on these budgeted funds. The Contributions Committee was asked to conduct a review of the level of contributions and sponsorships for the next three years (2004-2006) and report back with a recommendation to the Finance Audit Committee.

Paul Campbell requested I put together the attached information for your review in preparation for a committee meeting being scheduled on our return from NRECA. The attachments include:

- Budget to actual comparison for the years 1999 to 2003
- Final 2003 Contributions report
- Final 2003 Sponsorships report
- Breakdown of Government and Public Schools Support provided in 2003
- 2004 Repetitive Contributions Summary
- 2004 Contributions Budget
- Contributions and Sponsorships Budgets from 2004 to 2006
- Contribution and Sponsorship Requests on Hold

Paul asked that you bring the information to New Orleans as I will be available to answer any questions you may have. Please call me if I can be of further assistance.

Cc: T.G. Edwards
L.N. Carter
J.S. West

/him

CONTRIBUTIONS EXPENDITURES

Monthly Report

FYTD Ending 12/31/2003

2003 Annual Budget	\$815,000.00
<u>Less Total YTD Contributions</u>	<u>\$739,346.33</u>
Balance	\$75,653.67

<u>Contributions to Date</u>	<u>Amount</u>
American Legion Post 126	\$250.00
American Red Cross/Disaster Services	\$5,000.00
Anderson AIM Programs	\$1,000.00
Anderson County Council, Dist. #3/Senior Citizens Center Renovations	\$2,500.00
Beach Music Day at the Capitol	\$1,000.00
Berkeley County Emergency Services Training Center	\$10,000.00
Berkeley County Fire Board	\$2,500.00
Berkeley County Foster Parents Association	\$500.00
Berkeley County Foundation for Education/Annual Fund	\$5,000.00
Berkeley County Historical Society	\$2,500.00
Berkeley County School District/Project Inquiry	\$5,000.00
Berkeley County Sheriff's Office K-9 Unit	\$300.00
Berkeley County/Cypress Gardens Redevelopment - R (2006)	\$25,000.00
Berkeley Elementary School	\$150.00
Berkeley High School/Academic Booster Club	\$1,000.00
Berkeley Middle School/Academic Booster Club	\$500.00
Cainhoy Elementary/Middle School - 4-H Camp Fee	\$500.00
Callen Lacey Center/Annual Fund	\$5,000.00
CareAlliance Health Foundation/Nursing Scholarship Program	\$5,000.00
Charleston Area Children's Garden Project	\$750.00
Charleston Metro Chamber of Commerce/Computer Equipment	\$750.00
Charleston Museum/Annual Fund	\$1,500.00
Charleston Symphony Orchestra/Annual Fund	\$5,000.00
Children's Museum of South Carolina - R (2010)	\$25,000.00
Citadel/Santee Cooper Scholarships- R (2006)	\$25,000.00
Clarendon County Fire Dept./Training Facility	\$1,000.00
Clemson University/Georgetown Co. 4-H Programs	\$1,000.00
Clemson University/Santee Cooper Fellow's Program - R(2004)	\$25,000.00
Coastal Carolina Univ./Venus Fly Trap Study	\$4,967.00
College of Charleston Foundation/Business & Industry Annual Drive	\$3,250.00
Columbia Museum of Art	\$250.00
Committee for African American History Observances/Membership	\$1,000.00
Communities in Schools	\$2,500.00

Community Foundation/Annual Fund	\$5,000.00
Community Foundation/Berkeley County Fund	\$5,000.00
Congaree Land Trust/Annual Fund	\$1,000.00
Conway Area Chamber of Commerce - R (2003)	\$7,000.00
Conway Main Street, USA	\$1,000.00
Cross Elementary School/Reading Challenge	\$2,000.00
Cross High School/100 Book Challenge	\$1,000.00
Cross Rural Fire Dept./Equipment Assistance	\$1,500.00
Cultural Council of Georgetown County	\$1,000.00
Education Donation Matching Program	\$8,648.00
Education Foundation	\$4,000.00
EdVenture Children's Museum/Annual Membership	\$1,000.00
ELPIS, Inc. - R (2004)	\$5,000.00
Families Helping Families/Holiday Assistance	\$100.00
Foothills Community Foundation/Community Development Fund - R (2004)	\$50,000.00
Foothills Community Foundation/Operating Fund	\$2,000.00
Foothills United Way/Corporate Pledge	\$10,847.68
Francis Beidler Forest/Environmental Education Programs	\$2,500.00
Francis Marion University Foundation/Annual Fund	\$1,500.00
Freewoods Foundation	\$2,500.00
From Darkness to Light Foundation	\$2,500.00
Georgetown County AAU Basketball Team	\$150.00
Georgetown County United Way	\$17,492.90
Gibbes Museum of Art/Annual Fund	\$500.00
Horry County United Way	\$41,239.20
Leadership Grand Strand/Horry County Shelter Home	\$1,500.00
Lions Club of St. Stephen	\$50.00
Long Bay Symphony	\$5,000.00
Lord Berkeley Conservation Trust/Annual Meeting	\$500.00
Lourie Theatre	\$250.00
Lowcountry Food Bank	\$1,000.00
Lowcountry Open Land Trust/Annual Fund	\$600.00
M.C. Mayor's Cmtee on Employment of People w/Disabilities	\$200.00
Middleton Place Foundation/Annual Fund	\$1,000.00
MUSC Children's Research Institute - R (2007)	\$50,000.00
NAACP/Cross Branch/Scholarship	\$400.00
National Fish & Wildlife Foundation/Annual Fund	\$2,500.00
National Kidney Foundation of South Carolina, Inc.	\$1,000.00
Nature Conservancy/Annual Fund	\$1,000.00
North Eastern Strategic Alliance (NESA) - R (2004)	\$25,000.00
Palmetto Conservation Foundation/Annual Fund	\$5,000.00
Palmetto Project	\$2,500.00

Pawleys Island-Litchfield Rescue Squad	\$500.00
Phoenix Renaissance, Inc./Street Lighting Expenses	\$1,000.00
Plantersville Youth Athletic Booster Club	\$500.00
REVIVA	\$1,000.00
Ronald McDonald House	\$500.00
S.C. Aquarium - R (2003)	\$50,000.00
S.C. Center for Birds of Prey/Annual Fund	\$2,500.00
S.C. Center for Birds of Prey/Mosquito Control Equipment	\$3,995.00
S.C. Council on Economic Education	\$1,000.00
S.C. Dept. of Archives and History/Annual Fund	\$1,000.00
S.C. Dept. of Corrections/Thoroughbred Retirement Vocational Program (R - 2004)	\$5,000.00
S.C. Environmental Law Project	\$3,500.00
S.C. First Steps Program - R (2004)	\$50,000.00
S.C. Forestry Foundation/S.C. Project Learning Tree	\$500.00
S.C. Governor's School for Science & Mathematics/Annual Fund	\$1,500.00
S.C. Highway Patrol/DUI Prevention Programs	\$3,581.55
S.C. Museum Foundation/Annual Fund	\$1,000.00
S.C. Waterfowl Association	\$3,000.00
S.C. Wildlife Federation	\$2,500.00
Sampit Elementary School	\$200.00
Save The Light, Inc.	\$2,500.00
SCORE, Grand Strand Chapter	\$250.00
Spoletto Festival USA - R (2005)	\$25,000.00
St. James-Santee Family Health Center	\$2,500.00
Starr Athletic Association	\$2,500.00
Timberland High School/Athletic Banquet	\$750.00
Timberland High School/DECA Program	\$250.00
Timberland High School/Pre-engineering Technology program supplies	\$1,500.00
Tri-Community Center/Community Enrichment Program	\$2,500.00
Tri-County Technical College Foundation, Inc./Annual Fund	\$1,500.00
Trident Technical College - R (2004)	\$25,000.00
Trident Technical College/Annual Fund	\$2,500.00
Trident United Way/Corporate Pledge	\$85,000.00
Trident Urban League, Inc./Annual Fund	\$2,500.00
Waccamaw Community Foundation/Annual Fund	\$5,000.00
Waccamaw Math & Science Hub/Horry County	\$5,000.00
<u>Whitesville Rural Fire Department/EMT Training</u>	<u>\$675.00</u>
TOTAL CONTRIBUTIONS TO DATE (112)	\$739,346.33

Outstanding Corporate Commitments (R) \$0.00

(R) - indicates repetitive contribution commitment

(Year) - indicates the end of the pledged payments

Allocated Cost: this information provided as a result of an internal audit recommendation

Number of Requests	112
Cost per request to process	<u>\$3.06</u>
Total Allocated Cost	\$342.72

SPONSORSHIPS EXPENDITURES

Monthly Report

FYTD Ending 12/31/2003

2003 Annual Budget	\$280,000.00
<u>Less Total YTD Sponsorships</u>	<u>\$327,101.20</u>
Balance	-\$47,101.20

<u>Event</u>	<u>Amount</u>
Air Force Association/Air Force Ball	\$500.00
Alvin Recreation Center/Youth Teams	\$350.00
American Cancer Society/Andrews Relay for Life	\$200.00
American Cancer Society/Batesburg-Leesville Relay for Life	\$100.00
American Cancer Society/Clarendon County Relay for Life	\$500.00
American Cancer Society/Georgetown County Relay for Life	\$1,000.00
American Cancer Society/Moncks Corner Relay for Life Event	\$5,000.00
American Diabetes Association/Tour de Cure	\$1,000.00
American Heart Association/Heart Walk	\$1,500.00
American Red Cross/Georgetown Inshore Fishing Trn.	\$1,000.00
American Red Cross/Neighborhood Heroes Banquet	\$1,000.00
American Red Cross/Rotary Roundball Classic	\$2,500.00
American Red Cross/Volunteer Recognition-Annual Meeting	\$500.00
American Society of Media Photographers/Seminar	\$500.00
Anderson Area Chamber of Commerce/Golf Tournament	\$650.00
Anderson Co. Board of Educ./Excellence in Education Banquet	\$100.00
Anderson County Board of Education/Counseling Service Program	\$5,000.00
Art Forms & Theatre Concepts, Inc./MOJA Festival	\$1,000.00
Bamberg County Farm City Week	\$500.00
Bell and Schlau Track and Field Seminar and Relays	\$1,500.00
Berkeley Artist Guild/Old Santee Canal Fine Arts Exhibition	\$1,000.00
Berkeley Chamber of Commerce/Annual Meeting	\$5,000.00
Berkeley Chamber of Commerce/Fall Golf Tournament	\$700.00
Berkeley Chamber of Commerce/Lake Brochure Promotion	\$5,000.00
Berkeley Chamber of Commerce/Legislative Luncheon	\$500.00
Berkeley County Foundation for Education/Fundraising Event	\$5,000.00
Berkeley County Kids Who Care/"Backyard NatureScope"	\$2,000.00
Berkeley County Teacher of the Year Awards	\$4,600.00
Berkeley Elementary School/Read With A Child Program	\$997.70
Berkeley High School Athletic Dept./Baseball Tournament	\$500.00
Berkeley High School Bands	\$100.00
Berkeley Museum/Lowcountry Antique Tractor & Engine Show	\$1,000.00
Berkeley Soil & Water Conservation District/Coastal Carolina Adventure	\$1,000.00
Boy Scouts of America/Tenderfoot Classic Golf Tournament	\$1,580.00
Burroughs-Chapin Art Museum/Annual Fund	\$1,000.00

CareAlliance Health Foundation/Nurse Recruitment Weekend	\$2,500.00
Carolina Children's Charity	\$500.00
Carolina Master Chorale	\$1,000.00
Charleston Fall Garden Show	\$2,500.00
Charleston Metro Chamber of Commerce/Annual Meeting	\$1,500.00
Charleston Metro Chamber of Commerce/Armed Forces Day	\$500.00
Charleston Metro Chamber of Commerce/Legislative Reception	\$1,500.00
Charleston Metro Chamber of Commerce/Regional Business & Technology Expo	\$1,925.00
Charleston Metro Chamber of Commerce/Washington, DC Trip	\$3,500.00
Charleston Metro Chamber/Winter Golf Classic	\$2,600.00
Charleston Metro Sports Council/Southern Conference Basketball Tournament	\$3,500.00
CHECK/Cross Kids' Day	\$100.00
Children In Crisis, Inc./Summerville Kitchen Tour	\$1,000.00
Children's Museum of S.C./April Fools Day Shag Off	\$1,000.00
Citadel Athletic Department	\$500.00
City of N. Charleston/Arts Festival	\$500.00
Clarendon Co. Chamber/2003 Striped Bass Festival	\$2,500.00
Clarendon Co. Chamber/BASS Invitational Tournament	\$25,000.00
Clarendon Co. Chamber/Everstart Fishing Tournament	\$20,000.00
Clarendon Co. Chamber/Leadership Clarendon	\$500.00
Clarendon County Junior Chamber/Charity Golf Tournament	\$100.00
Clarendon Memorial Hospital/Annual Cypress Classic Golf Tournament	\$300.00
Clarendon Memorial Hospital/The Cypress Foundation/After 5 Concert Series	\$5,000.00
Clemson University/Brooks Center	\$5,000.00
College of Charleston Foundation/Science and Engineering Fair & Math Meet	\$1,000.00
College of Charleston Kiawah Invitational Golf Tournament	\$1,000.00
College of Charleston Music Department/Family Fridays w/the Classics	\$2,500.00
Communities In Schools/Golfing for Graduates Tournament	\$1,000.00
Community Foundation/Community Benchmarking Collaborative	\$5,000.00
Community Pride, Inc./Incentive Awards Program	\$300.00
Conway Hospital Foundation/HealthReach Partnership	\$11,000.00
Crescent High School Wrestling Team	\$500.00
Cross High School/Band Uniform Fund	\$150.00
Cross Recreation Department/Football Program	\$500.00
Cypress Gardens/Play	\$1,000.00
Family Outreach of Horry County (CAMEO)	\$332.00
Francis Beidler Forest/Spotted Turtle Research Project	\$500.00
Francis Marion University Fnd./Corporate Challenge Tournament	\$2,000.00
Gavalas Kolanko Foundation	\$250.00
Georgetown County School District/Teacher of the Year Awards	\$2,900.00
Girl Scouts of Carolina Lowcountry/Golf Tournament	\$250.00
Goose Creek Recreation Commission/Chas. Symphony Orchestra concert	\$1,000.00
GP Sound, LLC/Blues Event at OSCP	\$500.00
Greater Summerville/Dorchester Co. Chamber/Annual Banquet	\$2,500.00

Greater Summerville/Dorchester Co. Chamber/Science Fair Competition	\$250.00
Harleyville-Ridgeville Elem. School/Reading Program	\$250.00
Horry County School District/Teacher of the Year Awards	\$5,600.00
Horry-Georgetown Co. Fire Chiefs Assoc./Fire & Life Safety Expo	\$1,000.00
Indigo Choral Society/Fourth of July Concert	\$1,500.00
Junior Achievement/Calling for Kids Campaign	\$200.00
Junior Achievement/Education Programs	\$11,000.00
Junior Achievement/Golf Classic	\$1,350.00
Junior Achievement/Grand Strand Mini-500 Race	\$1,200.00
Junior Achievement/Horry County Bowl-A-Thon	\$1,000.00
Junior Achievement/Softball Swing for Kids Educational Programs	\$2,000.00
Junior Achievement/Tri-County Bowl-A-Thon	\$1,500.00
Juvenile Diabetes Research Foundation	\$2,500.00
Keep Georgetown Beautiful/Great American Cleanup Art Contest	\$500.00
Kids' Day America/International	\$250.00
Kitfield Community Recreation Center	\$300.00
Leadership South Carolina	\$5,000.00
Lions Club of St. Stephen/BBQ Cook-off	\$100.00
Low Country All-Star Basketball Team	\$250.00
Lowcountry Black Business Expo 2002	\$6,000.00
Lowcountry Generals 14U AAU Baseball Team	\$250.00
March of Dimes Walk America	\$550.00
MOJA Arts Festival	\$5,000.00
Moncks Corner Festival In The Park	\$1,000.00
Moncks Corner Police Department/Summer Camp Program	\$300.00
MUSC Children's Hospital Fund/Holiday Card Project	\$1,500.00
MUSC Children's Hospital/Kiawah Pro-Celebrity Golf Tm.	\$2,500.00
My Sister's House	\$300.00
Myrtle Beach High School/FFA Golf Tournament	\$400.00
Na Fidleiri/Family Friday Concert Series	\$1,000.00
NAACP, Charleston Branch/Freedom Fund Banquet	\$1,000.00
NAACP, Moncks Corner Branch/Freedom Fund Banquet	\$500.00
NAACP, Ridgeville Branch/Freedom Fund Banquet	\$250.00
NAACP, S.C. State Conference/Freedom Fund Celebration	\$2,000.00
National Fire Safety Council	\$600.00
National Fish & Wildlife Foundation/Community Event	\$500.00
National Multiple Sclerosis Society/Walk	\$1,000.00
National School Board Foundation/Fall Meeting	\$1,000.00
National Striped Bass Association, Inc./Fishing Festival	\$1,250.00
Office of the Lieutenant Governor/Writing Awards Program & Workshop	\$500.00
Palmetto Horizon Foundation/S.C. Teacher of the Year Banquet	\$2,500.00
Palmetto Jockey Club/Elloree Trials	\$5,000.00
Palmetto Mastersingers/St. Stephen Concert Series	\$1,800.00
Palmetto Pride/"Get Tee'd Off About Litter"	\$250.00

Piccolo Spoleto Festival/Mepkin Abbey Concerts	\$5,000.00
Rotary Club of Moncks Corner/Scholarship Golf Tournament	\$1,000.00
Rudolph Canzater Memorial/James E. Clyburn Research & Scholarship Foundation	\$500.00
Run for Thanks	\$400.00
S.C. Aquarium/International Migratory Bird Day	\$4,000.00
S.C. Archives & History Center/National History Day	\$2,500.00
S.C. Assoc. for Career & Technical Education/Fall Conference	\$500.00
S.C. Assoc. of Colleges & Employers/Annual Conference	\$500.00
S.C. Assoc. of Regional Councils/Annual Conference	\$2,500.00
S.C. Association of Counties/Annual Conference	\$2,500.00
S.C. Chamber of Commerce/Annual Summit	\$5,500.00
S.C. Chamber of Commerce/H.R. Professional Appreciation Night	\$1,000.00
S.C. Chamber of Commerce/Lowcountry Membership & Legislative Reception	\$1,000.00
S.C. Chamber of Commerce/S.C. Business Classic	\$1,400.00
S.C. Chamber of Commerce/Washington Night in South Carolina	\$1,000.00
S.C. Conservation Districts Foundation, Inc./Envirothon	\$2,000.00
S.C. Dept. of Natural Resources/Hooked on Fishing Not on Drugs Kids Fishing Rodeo	\$500.00
S.C. Farm Bureau AG in the Classroom	\$1,000.00
S.C. FFA Association/Individual FFA Award	\$1,800.00
S.C. Hurricanes Softball Teams	\$200.00
S.C. Law Enforcement Officer's Assoc./Conference	\$3,700.00
S.C. Operation Lifesaver/Workshop	\$250.00
S.C. Philharmonic Concert Series	\$2,500.00
S.C. Sea Grant Consortium/Beach Sweep/River Sweep	\$500.00
S.C. State Univ., Greater Columbia Alumni Chapter/Scholarship Gala	\$500.00
S.C. Watercolor Society/Annual Art Exhibit	\$250.00
S.C. Wildlife Federation/ <i>Wild Summer's Nite</i> Auction	\$1,000.00
S.C. Young Farmer & Agribusiness Assoc./Exhibit Sponsor	\$200.00
S.C.'s Tourism & Hospitality Educational Foundation	\$5,000.00
Safari Club International/S.C. Low Country Chapter/Conservation Programs	\$750.00
Scott's Branch '76 Fnd./Annual Summerton Cultural Festival	\$1,000.00
Service Over Self/Summer FUNshops	\$2,500.00
Service Over Self/Youth Service Day	\$1,000.00
Special Olympics of South Carolina	\$2,000.00
St. Stephen Catfish Festival	\$2,000.00
Summer Soiree, Inc.	\$500.00
Summerton Downtown Dvlp. Assoc./Revitalization Project/concert	\$1,000.00
Susan G. Komen Charleston Race For The Cure	\$1,500.00
Taste of Clarendon	\$250.00
The Citadel/School of Engineering	\$1,500.00
The Dictionary Project	\$1,000.00
The Magic of Jonathan Bayme/MUSC Hospital Performance	\$600.00
The Trestle Bakery & Cafe/Conway Elementary Teacher Appreciation Week	\$526.50
Town of Jamestown/Hell Hole Swamp Festival BBQ Cook-off	\$500.00

Town of St. Stephen Police Dept./K-9 Division	\$200.00
Town of St. Stephen Recreation Department - Little League Baseball teams	\$1,600.00
Town of St. Stephen/Christmas Tree Walk	\$60.00
Townville Recreation Department/Baseball Season	\$200.00
Tri-County Regional Chamber of Commerce/Santee Amateur	\$2,500.00
Trident Basketball Association/Academic Awards	\$500.00
Trident United Way/Annual Meeting	\$130.00
Trident United Way/Corporate Benefactor Program	\$5,000.00
Trident Urban League/Equal Opportunity Day Dinner	\$2,500.00
United Way of Georgetown County	\$500.00
USC Salkehatchie/Junior Leadership Program	\$2,800.00
Wildlife Action, Inc./Striped Bass Tournament	\$1,000.00
<u>Williamsburg HomeTown Chamber/King's Tree Trials</u>	<u>\$500.00</u>
TOTAL SPONSORSHIPS TO DATE (180)	\$327,101.20

MEMBERSHIPS SUMMARY
Monthly Report
FYTD Ending 12/31/2003

2003 Annual Budget	\$65,000.00
<u>Less Total YTD Memberships Paid</u>	<u>\$77,574.69</u>
Balance	-\$12,574.69

<u>Memberships to Date</u>	<u>Amount</u>
Anderson Area Chamber of Commerce	\$810.00
Berkeley Chamber of Commerce	\$10,000.00
Berkeley Soil & Water Conservation District	\$100.00
Better Business Bureau	\$960.00
Charleston Metro Chamber of Commerce	\$10,000.00
Clarendon County Chamber of Commerce	\$250.00
Clarendon Soil & Water Conservation District	\$100.00
Conway Area Chamber of Commerce	\$677.00
Georgetown County Chamber of Commerce	\$1,015.00
Georgetown Soil & Water Conservation District	\$100.00
Greater Columbia Chamber of Commerce	\$450.00
Greater Summerville/Dorchester County Chamber of Commerce	\$1,500.00
Horry Soil & Water Conservation District	\$100.00
Little River Chamber of Commerce	\$175.00
Loris Chamber of Commerce	\$300.00
Municipal Association of South Carolina	\$2,500.00
Myrtle Beach Chamber of Commerce	\$3,574.70
North Eastern Strategic Alliance (NESA)	\$10,000.00
North Myrtle Beach Chamber of Commerce	\$750.00
Santee Cooper Country	\$10,000.00
South Carolina Association of Counties	\$1,000.00
South Carolina Chamber of Commerce	\$17,500.00
South Carolina Forestry Association	\$942.99
South Carolina Sheriff's Association	\$20.00
South Carolina Timber Producers Association	\$250.00
South Carolina Tourism Council, Inc.	\$2,500.00
<u>Tri-County Regional Chamber of Commerce</u>	<u>\$2,000.00</u>
Total Memberships to Date (27)	\$77,574.69

All Chambers are Corporate.

2003 REJECTED REQUESTS
FYTD 12/31/2003

Rejected Items Total:	\$898,814.50
Number of Requests for Specific Amounts:	93
Number of Requests for Open Amounts:	<u>36</u>
Total Number of Requests:	129

<u>Organization/Event</u>	<u>Amount</u>	<u>Date</u>
100 Black Men of Charleston, Inc./J. Arthur Brown Awards Reception	\$250.00	August-03
100 Black Men of Greater Columbia/New Members Induction Banquet	\$1,000.00	March-03
100 Black Men of Greater Columbia/Youth Scholarship Program	\$2,000.00	July-03
American Cancer Society/Hope Ball	\$250.00	August-03
American Farmland Trust	\$1,000.00	April-03
American Forests/Liberty Tree Forests Campaign	Open	April-03
American Heart Association/Art & Wine Gala & Auction	Open	September-03
American Heart Assoc/Lowcountry Heart Walk (duplicate request)	\$500.00	September-03
American Heart Association/Roper Heart Center Golf Classic	\$1,250.00	April-03
American Heart Association/Roper Heart Center Golf Classic	\$2,500.00	March-03
Anderson County Fair, Inc.	\$220.00	May-03
Anderson Free Clinic/Walk with the Docs	\$100.00	February-03
Benedict Col./Project for the Expansion of Community Empowerment Conf.	\$1,000.00	January-03
Berkeley County All-Star Competitive Cheerleading Team	\$100.00	October-03
Berkeley County PAWS	\$100.00	July-03
Berkeley County PAWS	\$100.00	August-03
Berkeley County YMCA/Capital Funds Campaign	Open	July-03
Berkeley Elementary School/Fine Arts Week	Open	August-03
Berkeley High School Cheerleading Team	Open	September-03
Berkeley Middle School/ Newspaper Ad	\$661.50	April-03
Boy Scouts of America/Distinguished Citizens Dinner	Open	September-03
Boy Scouts of America/Equipment needs	\$100.00	March-03
Boy Scouts of America/Pacesetter Program	\$100.00	March-03
Carolina Idol Talent Competition	\$5,000.00	March-03
Carolina Indian Heritage Association	Open	February-03
Charleston Habitat for Humanity	Open	February-03
Charleston Hope Lodge Expansion (American Cancer Society)	\$5,000.00	October-03
Charleston Museum/Annual Appeal	\$50.00	November-03
Charleston Stage Company, Inc.	\$500.00	December-03
Charleston Symphony Orchestra League/CSOL Gala	\$1,000.00	September-03
City of Charleston/Charleston Housing Trust (CHT)	Open	October-03
City of N. Charleston/Annual Arts Sponsor Golf Tournament	\$400.00	September-03
City of N. Charleston/Recreation Dept. Christmas Golf Classic	\$100.00	November-03

Clarendon County Chamber of Commerce/Chamber Retreat	\$100.00	August-03
Clemson University/4-H Youth Development Program	Open	August-03
Clemson University Kappa Delta Sorority/Shamrock Golf Tournament	\$75.00	January-03
Coastal Carolina Univ./Santee Cooper Green Room	\$250,000.00	August-03
Coastal Crisis Chaplaincy	\$5,000.00	February-03
Cmtee for African American History Obsv/Gullah Geechee Rice Celebration	Open	May-03
Communicare/Starlight and Horses	\$60.00	October-03
Cross Community Independence Day Festival	Open	June-03
Crowfield Little Leage Baseball	Open	February-03
Crowfield Plantation/5k Run & Walk	Open	July-03
Cypress Classic Golf Tournament	\$300.00	October-03
Dorchester County DSS/Muscular Dystrophy Assoc. Lock-Up	\$250.00	October-03
Drayton, Stephanie/Tuition to Ambassador Program	\$100.00	December-03
Easley Publications, LLC/Tribute to Dr. Don Garrison	\$200.00	May-03
EdVenture Children's Museum/Capital Campaign	\$5,000.00	October-03
Federation Center of the Blind/training costs	\$10,000.00	January-03
FOCUS Families	Open	August-03
From Darkness to Light/Circle of Light Benefit	\$5,000.00	October-03
Georgetown High School Softball Team	\$100.00	November-03
Girl Scouts of Carolina Low Country	\$250.00	May-03
Girl Scouts of Carolina Low Country/Women of Distinction Award	\$500.00	August-03
Goose Creek Recreation Commission/Jazz Festival	\$1,000.00	September-03
Hodges Cokesbury Fire Department & Rescue Unit/Training & Equipment	Open	August-03
Institute of Electrical & Electronics Engineers, Inc/Rural Elec. Power Conf.	\$600.00	February-03
International Outreach Ministry/Memorial Day Celebration	\$500.00	July-03
James E. Clyburn Research & Scholarship Fnd./Conference	\$5,000.00	September-03
Jasper Soil & Water Conservations District/Blue Heron Learning Center	\$3,500.00	June-03
Junior Service League of Summerville/Flowertown Golf Classic	\$1,000.00	March-03
Komen Breast Cancer Fnd./Lee National Denim Day	Open	September-03
Lowcountry Senior Center/Festival of Wreaths	\$250.00	August-03
Low Country Generals/baseball uniforms	\$1,000.00	January-03
Manning Santee American Legion Bseball	Open	May-03
March of Dimes/Star Chefs	\$1,000.00	August-03
Marrington Middle School/Teacher Cruise	\$2,000.00	September-03
Matrix Media/"This Fragile Planet"	\$100,000.00	May-03
Mepkin Abbey Annual Appeal	Open	December-03
Miller, Barara/Granddaughter with CHARGE Syndrome	Open	July-03
Miracle Tabernacle/Capital Fundraising Campaign	\$100.00	August-03
Mount Pleasant Diamond Warriors	Open	September-03
Multiple Sclerosis Association of America	\$140.00	July-03
MUSC Children's Hospital/Low Country Golf Challenge	\$1,000.00	April-03
National Fish and Wildlife Foundation/Jimmy Carter Luncheon	\$1,000.00	April-03

National Kidney Foundation	\$2,000.00	November-03
National Kidney Foundation/Cadillac Invitational Golf Tournament	\$1,500.00	February-03
New Dimensions Preschool	\$400,000.00	October-03
N. Charleston Post-59 American Legion Baseball Trn.	Open	July-03
Palmetto Bays Elementary School/Habitats for Learning	\$4,600.00	December-03
Palmetto Gold Nurse Recognition Program & Scholarship Endowment	\$1,000.00	May-03
PalmettoPride/Prideways Program	\$365.00	September-03
Parks Field Dixie Youth Baseball Association/Team Sponsor	\$250.00	February-03
Pasley, Matthew/Int'l Mission on Diplomacy 2003	Open	January-03
Philip Simmons Children's Garden	\$15,000.00	July-03
Planning the Globe/Parker William Sayles Fnd. Golf Trn for SIDS	\$100.00	July-03
Port City Bass Anglers/Fishing Tournament	Open	July-03
Rehabilitation Centers of Charleston/Lowcountry Splash	\$500.00	January-03
Ronald McDonald House/Share-A-Night Golf Tournament	\$100.00	May-03
Roosevelt Institute, Franklin & Eleanor / Annual Fund	\$100.00	December-03
Salvation Army/Captain's Choice Golf Tournament	\$250.00	June-03
Sampit Masters/Open Bass Tournament	Open	April-03
Save the Light, Inc./Morris Island Lighthouse	Open	May-03
School of the Building Arts	Open	April-03
Scott's Branch '76 Fnd. CDC/50th Anniversary, Brown vs. Bd. Of Educ.	\$100.00	June-03
Smart America, Inc.	\$20,000.00	December-03
S.C. Arts Alliance	\$100.00	May-03
S.C. Chamber of Commerce/Business Week 2003	\$300.00	January-03
S.C. Chamber of Commerce/Manufacturers Appreciation Night	\$250.00	September-03
S.C. Chamber of Commerce/Manufacturer of the Year Awards	\$250.00	July-03
S.C. Environmental Law Project	\$200.00	July-03
S.C. Forestry Assoc./Coalition Funding	Open	March-03
S.C. Governor's School for Science & Mathmatics/Business Adv. Council	\$3,000.00	February-03
S.C. Historical Society/ <i>Historical South Carolina. An Illustrated History</i>	\$1,500.00	July-03
S.C. Historical Society/Membership	\$250.00	September-03
S.C. Safe Kids/Safety Calendar	Open	July-03
S.C. Young Farmer & Agribusiness Assoc/YFA FFA Golf Benefit	\$300.00	May-03
South of Broadway Theatre Company	Open	January-03
Special Olympics/Washovia Bocce Bash Tennis Tournament	\$400.00	May-03
Spoletto Festival USA/Annual Operating Fund	\$100.00	August-03
St. Andrews AME Church/Homecoming-Memorial Service	Open	May-03
St. John's Christian Academy	\$500.00	February-03
The Links, Charleston Chapter/White Rose Luncheon	\$500.00	December-03
The Propeller Club of Charleston/Membership	\$500.00	July-03
The Sustainability Institute	Open	March-03
Timberland High School/ PTA Reflections Program	Open	January-03
Timberland High School/ JROTC Drill Meet	Open	February-03

Town of Olar/Community Improvements	\$1,000.00	December-03
Trinity Holiness Church/Family Fun Day Carnival	\$250.00	June-03
United Methodist Relief Center/Golf Tournament	\$100.00	September-03
United Negro College Fund/Florence Gala & Evening w/the Stars	\$1,000.00	September-03
USC-Salkehatchie/Junior Leadership Program	\$3,150.00	October-03
USC-Salkehatchie/Tri-County Leadership Program	\$3,050.00	October-03
WJEA TV/Projects	\$1,500.00	July-03
Waccamaw Center for Mental Health/HOSTS Program Summer Camp	\$343.00	May-03
Whitesville Elementary School/Washington trip	\$100.00	February-03
Will Jones & Willis High Co-ed Basketball Camp	Open	September-03
World Cup Golf Championships	\$16,000.00	September-03
<u>Youth Service Charleston</u>	<u>Open</u>	March-03
TOTAL	\$898,814.50	

2003 Government and Public Schools Support

	<u>Contributions</u>	<u>Sponsorships</u>	<u>Total</u>
State Government	\$60,081.55	\$11,800.00	\$71,881.55
Local Government	\$44,175.00	\$25,510.00	\$69,685.00
Public Schools	<u>\$170,715.00</u>	<u>\$39,424.20</u>	<u>\$210,139.20</u>
Total	\$274,971.55	\$76,734.20	\$351,705.75

Actual Expenses	\$739,346.33	\$327,101.20	\$1,066,447.53
% of Actual	37%	23%	33%

2004 REPETITIVE CONTRIBUTIONS SUMMARY

ORGANIZATION / Comments	2003	2004	2005	2006	2007
Brookgreen Gardens; Committee Approved 10/03; \$5,000: \$5,000 in 2004, \$10,000 in 2005 & 2006		\$5,000 Pd 1/04	\$10,000	\$10,000	
Children's Museum of S.C.; Board Approved 6/28/99; \$250,000: \$25,000/yr for 10 years; 2001-2010* (*first payment made in 2002)	\$25,000 Pd. 4/03	\$25,000 Pd 2/04	\$25,000	\$25,000	\$25,000
Clemson University - S/C Fellows Program; Board Approved 6/26/00; \$100,000: \$25,000 for 4 years; 2001-2004	\$25,000 Pd. 2/03	\$25,000 PIF 1/04			
Conway Area Chamber of Commerce; Committee Approved 01/24/00; \$25,000: \$3,000 in 1999 & 2000; \$5,000 in 2001; \$7,000 in 2002 & 2003	\$7,000 PIF 1/03				
Cypress Gardens Redevelopment/Berkeley County; Board Approved 1/27/97; \$250,000: \$25,000/yr. for 10 years; 1997-2006	\$25,000 Pd 1/03	\$25,000 Pd 2/04	\$25,000	\$25,000	
ELPIS, Inc.; Committee Approved 10/22/99; \$25,000 - \$5,000 for 5 years; 2000-2004	\$5,000 Pd. 1/03	\$5,000 PIF 2/04			
Georgetown County Chamber of Commerce; Board Approved 10/03; \$15,000: \$5,000 for 3 years, 2004-2006		\$5,000 Pd 1/04	\$5,000	\$5,000	
Medical University of South Carolina; Board approved 10/25/02; \$250,000: \$50,000/yr for 5 years; 2003-2007	\$50,000 Pd. 5/03	\$50,000	\$50,000	\$50,000	\$50,000
North Eastern Strategic Alliance (NESA); Board Approved 4/25/03; \$50,000: \$25,000 each for 2003 & 2004	\$25,000 Pd 5/03	\$25,000 PIF 2/04			
S.C. Aquarium; Board Approved 1/26/98; \$250,000: \$25,000/yr. in 1998 & 1999; \$50,000/yr. for 4 years, 2000-2003	\$50,000 PIF 1/03				
S.C. Dept. of Corrections (Thoroughbred Retirement Vocational Program); Chairman Approved 12/8/03; \$10,000: \$5,000 each for 2 years	\$5,000 Pd 12/03	\$5,000			
C. First Steps; Board Approved 09/24/01; \$200,000: \$50,000/yr. for 4 years; 2001-2004	\$50,000 Pd. 3/03	\$50,000 PIF 2/04			
Santee Cooper Starr/Iva Community Development Fund; Board Approved 10/22/99; \$250,000: \$50,000 for 5 years; 2000-2004	\$50,000 Pd. 1/03	\$50,000 PIF 2/04			
Spoletto Festival USA; Board Approved 6/26/00; \$125,000: \$25,000 for 5 years; 2001-2005	\$25,000 Pd. 1/03	\$25,000 Pd 2/04	\$25,000		
The Citadel Endowed Scholarships, Board Approved 11/19/01; \$150,000: \$25,000/yr. for 4 years 2002-2005; \$50,000 in 2006	\$25,000 Pd. 1/03	\$25,000 Pd 1/04	\$25,000	\$50,000	
Trident Technical College; Board Approved 12/16/02; \$50,000 over 2 year period, \$25,000 in 2003 & 2004	\$25,000 Pd. 2/03	\$25,000 PIF 1/04			
ANNUAL COMMITMENT:	\$392,000	\$345,000	\$165,000	\$165,000	\$75,000

Outstanding Commitments YTD 2004: \$55,000

2004 Contributions Budget

	<u>2003 Actual</u>	<u>2003 Budget</u>	<u>2004 Budget</u>
United Ways	\$154,580	\$155,096	\$160,779
Repetitive Commitments	\$392,000	\$425,000	\$410,000*
<u>Other Annual Requests</u>	<u>\$192,766</u>	<u>\$234,904</u>	<u>\$219,221</u>
Total	\$739,346	\$815,000	\$790,000

*Repetitive Commitments as of January 2004 total \$345,000.
The remaining \$65,000 is budgeted for future requests that
may be approved.

3 Year Budgets

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Contributions	\$790,000	\$800,000	\$825,000
Sponsorships	<u>\$360,000</u>	<u>\$360,000</u>	<u>\$380,000</u>
Totals	\$1,150,000	\$1,160,000	\$1,205,000
Commitments:			
United Ways	\$160,779	\$170,000	\$180,000
Repetitives	\$345,000	\$165,000	\$165,000
Other	<u>\$101,325</u>	<u>n/a</u>	<u>n/a</u>
Totals	\$607,104	\$335,000	\$345,000

Contributions & Sponsorships Committed for 2004

1 American Cancer Society/Berkeley Relay for Life	\$5,000.00	Sponsorship
2 Berkeley County Emergency Services Training Center	\$10,000.00	Contribution
3 Berkeley County Kids Who Care	\$2,000.00	Sponsorship
4 Budget & Control Board/S.C. Executive Institute	\$2,500.00	Sponsorship
5 Charleston Metro Chamber/TRC Campaign	\$11,525.00	Sponsorship
6 Clarendon Memorial Hospital/Cypress After 5	\$5,000.00	Sponsorship
7 Dept. of Education/State Teacher of the Year Banquet	\$2,500.00	Sponsorship
8 Horry County Kids Voting	\$5,000.00	Sponsorship
9 Huntington Beach State Park/Atalaya Arts & Craft Festival	\$1,500.00	Sponsorship
10 Indigo Choral Society/July 4th Concert/Program	\$1,500.00	Sponsorship
11 Junior Achievement (Education Courses \$12,200)	\$18,400.00	Sponsorship
12 Keep Georgetown Beautiful	\$500.00	Sponsorship
13 Leadership South Carolina/2004 Natural Resources Session	\$10,000.00	Sponsorship
14 S.C. Chamber/Lowcountry Area Membership & Legislative Recp.	\$1,000.00	Sponsorship
15 S.C. Encyclopedia Project/Humanities Council (3 year commitment)	\$4,000.00	Sponsorship
16 S.C. Wildlife Federation/Saturnalia/Conservation Awards Weekend	\$5,000.00	Sponsorship
17 Teacher of the Year Awards/Berkeley County (estimate)	\$4,600.00	Sponsorship
18 Teacher of the Year Awards/Georgetown County (estimate)	\$2,900.00	Sponsorship
19 Teacher of the Year Awards/Horry County (estimate)	\$5,600.00	Sponsorship
20 <u>USC-Salkehatchie Leadership Center/Junior Leadership Program</u>	<u>\$2,800.00</u>	Sponsorship
Total	\$101,325.00	

Contributions/Sponsorships on Hold

	<u>Date Received</u>	<u>Requester</u>	<u>Amount</u>	<u>Term</u>
1	6/23/2003	Clarendon Memorial Hospital (C)	\$50,000-\$100,000	3-5 years
2	8/5/2003	Swamp Fox Conservancy (C)	?	?
3	8/22/2003	The College of Charleston (C)	\$250,000	5 years
4	9/3/2003	Williamsburg TEC (C)	\$100,000	5 years
5	9/12/2003	SC Archives & History/Nat'l History Day (S)	\$60,000	3 years
6	10/6/2003	Waccamaw Community Foundation (C)	\$250,000	5 years
7	11/6/2003	Central Carolina TEC (C)	\$100,000	3-5 years
8	11/24/2003	Francis Marion University (C)	\$150,000	3-5 years
9	12/1/2003	Coastal Carolina University (C)	?	3-5 years
10	12/5/2003	S.C. Center for Birds of Prey (C)	Open	3-5 years
11	12/11/2003	H/G TEC (C)	\$189,000	3-5 years

Contributions & Sponsorships

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Budget	\$710,000.00	\$860,000.00	\$974,996.00	\$1,071,775.00	\$1,095,000.00
Actual	\$798,596.34	\$822,960.22	\$967,144.61	\$1,027,850.65	\$1,066,447.53
Gross Revenue (Thousands)	\$814,166	\$862,415	\$973,039	\$1,033,335	\$1,047,934*
*Unaudited					
United Way	\$116,330.93	\$125,802.89	\$132,023.24	\$134,439.92	\$154,579.78
Repetitive	\$370,500.00	\$415,500.00	\$414,500.00	\$312,000.00	\$392,000.00
Total/UW+Repet.	\$486,830.93	\$541,302.89	\$546,523.24	\$446,439.92	\$546,579.78
Percentage of Actual	61%	66%	57%	43%	51%

Transfer In From Economic Development \$17,500.00

Transfer In From Corporate Communications \$47,500.00

MEETING OF THE BOARD OF DIRECTORS
WAMPEE CONFERENCE AND TRAINING CENTER
PINOPOLIS, SOUTH CAROLINA
MONDAY, SEPTEMBER 27, 2004 – 1:00 P.M.

Regular Session

Directors Present: Chairman T. Graham Edwards, Directors Patrick T. Allen, Paul G. Campbell, Jr., Richard H. Coen, Clarence Davis, Vernie E. Dove, Sr., G. Dial DuBose, Guerry E. Green, J. Calhoun Land, IV, and Keith D. Munson

Directors(s) Absent: James W. Sanders

Staff Members Present: Lonnie N. Carter, President and Chief Executive Officer; Bill McCall, Jr., Executive Vice President and Chief Operating Officer; John S. West, Executive Vice President and Chief Legal Officer; Elaine G. Peterson, Executive Vice President and Chief Financial Officer; R. M. Singletary, III, Senior Vice President, Corporate Services; Suzanne H. Ritter, Vice President Corporate Planning and Bulk Power; Laura G. Varn, Vice President, Corporate Communications and Media Relations; Glenda W. Gillette, Controller; Wm. Glen Brown, Jr., Corporate Secretary; Richard S. Kizer, Director, Governmental Relations; W. David Ensor, Supervisor, Operations; and Pamela M. Gaskins, Assistant Corporate Secretary

Mr. Kyle Stock of *The Post and Courier* was also in attendance.

Directors DuBose, Allen, Davis and Munson participated in the meeting via telephone conference call.

Chairman Edwards, Director Campbell, Director Dove, Director Coen, Director Green, Director Land, Mr. Carter, Mr. McCall, Mr. West, Ms. Peterson, Mr. Singletary, Ms. Ritter, Ms. Varn, Mr. Brown, Mr. Kizer, Mr. Ensor, Ms. Gaskins, and Mr. Stock participated in the meeting at the Wampee Conference and Training Center in Pinopolis, South Carolina.

On Tuesday, September 21, 2004, news media, persons, and organizations requesting notification of all public meetings were mailed agendas including the time, date, and location of the meeting.

Chairman Edwards called the meeting to order. He presided, and Ms. Gaskins kept the minutes.

Director Land gave the invocation and Chairman Edwards led the group in reciting the Pledge of Allegiance.

Upon motion by Director Allen, seconded by Director Campbell, the Board voted unanimously to waive reading of the minutes of the August 23, 2004, monthly meeting and the August 26, 2004, special meeting of the Board of Directors and adopted these minutes as submitted.

Media Clippings (Exhibit MB 9-1-04) dated August 2004 were mailed to the Board prior to the meeting.

Upon recommendation from the Contributions Committee, Director Campbell made a motion to approve a \$30,000 contribution at \$10,000 per year over three years beginning January 2005 to Clarendon Memorial Hospital. The motion was seconded by Director Allen.

Director Green asked that the Board hold off on approving any contribution requests. He is of the opinion that Santee Cooper's contributions program creates conflicts of interest.

Director Coen made a motion to table the main motion and any other subsequent motions forthcoming as a result of the recommendations from the September 26, 2004, Contributions Committee meeting. Director Green seconded the motion.

Chairman Edwards put the motion to table the main motion to question. The vote was unanimous.

Upon recommendation of the Property Committee and upon motion by Director Green, seconded by Director Coen, the Board unanimously voted to reject all sealed bids received in conjunction with Phase I of the Surplus Property Sales Program. Prior to the vote there was discussion with regard to the need for consistency from the Board, and the negative message that could be perceived from the Board's action to reject these bids.

Chairman Edwards instructed management to proceed in setting up interviews with potential brokers.

Upon recommendation of the Property Committee and upon motion by Director Land, seconded by Director Campbell, the Board voted unanimously to approve the attached resolution entitled "Revised Policy for Sale of Surplus Properties" (Exhibit MB 9-2-04).

Upon recommendation of the Executive-Corporate Planning Committee and upon motion by Director Munson, seconded by Director Campbell, the Board voted unanimously to approve the attached amended resolution entitled "Submission of a Joint Bid to purchase an Undivided Ownership Interest in the Catawba Nuclear Station, York County" (Exhibit MB 9-3-04).

Director Allen instructed management to ensure that Mr. Ronald J. Calcaterra, President and Chief Executive Officer of Central Electric Power Cooperative, Inc., was made aware of the amendment to the Catawba resolution.

Mr. Carter said that efforts to find a common date for the Board to conduct a strategic planning session have been unsuccessful thus far. Director DuBose stated that he had reviewed the existing Strategic Plan, and it does not appear to need any significant changes. He said he thought it would be more beneficial for the Board to review the plan as an educational process. He also suggested that management develop a list of basic issues, such as adding value to the state, contributions, and economic development, and present these ideas to the Board along with guidance on how they could be incorporated into the Strategic Plan.

Following discussion and upon motion by Director Allen, seconded by Director Coen, the Board unanimously voted to have management develop a list of basic issues, including adding value to the state, contributions, and economic development, and present these ideas to the Board along with a recommendation for incorporating these issues into the Strategic Plan.

Chairman Edwards suggested that the Board set aside time in conjunction with the October Board meeting to discuss these issues and the Strategic Plan.

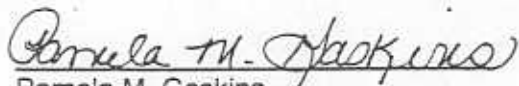
Due to stormy weather conditions the Board unanimously agreed to defer the Financial Report, the Report on Storm Restoration, and the Monthly President's Report so that everyone could get an early start on their commute back home.


A copy of the year to date financial report for the period ending August 2004 is included as an exhibit to these minutes (Exhibit MB 9-4-04). The Financial Statement dated August 2004 (Exhibit MB 9-5-04) was distributed to the Board at the meeting.

There being no further business and upon motion made and seconded, the meeting was adjourned.

Respectfully submitted,

APPROVED:


Pamela M. Gaskins
Assistant Corporate Secretary



T. Graham Edwards
Chairman

Revised Policy for Sale of
Surplus Properties

*Property Committee
September 26, 2004

Adopted ✓

Rejected

Postponed

R E S O L U T I O N

WHEREAS, S.C. Code Ann. § 58-31-30 authorizes Santee Cooper's Board of Directors to sell surplus real properties which the Board of Directors deems unnecessary for project operations; and

WHEREAS, the Board of Directors and management have followed a longstanding practice of having proposed surplus real property sales presented to the Board of Directors through the Property Committee for disposition; and

WHEREAS, to guide management in the administration of sales of surplus lands, the Property Committee adopted a policy resolution dated September 23, 1985; and

WHEREAS, the Board of Directors finds it appropriate and in Santee Cooper's best interest to affirm the prior policy and expand it to allow for an alternative method of administration of the sale of surplus lands deemed by the Property Committee to be unique; and

WHEREAS, the Board of Directors finds that the following factors must be considered in determining whether each surplus real property is unique for policy purposes:

1. Appraised value of \$500,000.00 or more;
2. Waterfront;
3. 25 acres or more;
4. Commercial or industrial zoning;
5. Special archeological, historical or geographical features.

WHEREAS, the Board of Directors finds that if one or more of the factors above apply to a particular lot, parcel or tract of land, the Property Committee may direct the Property Management Division to solicit and engage the services of real estate brokerage and/or consulting professionals to assist in the disposition of the land.

NOW, THEREFORE, BE IT RESOLVED that it is the policy of the Board of Directors that surplus real properties shall be sold by the Property Management Division according to the revised policy statement attached hereto and made a part hereof by reference.

- * If approved by committee, this resolution will be referred to the full Board for approval.
This resolution was referred to and approved by the full Board.

DRAFT

POLICY FOR SALE OR DISPOSITION OF SURPLUS REAL ESTATE

ORIGINAL

Upon a determination by the Board of Directors that parcels or portions of land are no longer required and, therefore, declared surplus to the needs of the Authority, the Property Management Division may proceed with the sale or disposition of the property by first acquiring one or more appraisals of the property. The Property Management Division shall offer the property for sale by advertising for competitive bids in local newspapers and providing bid information to any prospective bidders. Signs may also be placed on the property making known its availability. Bids shall be received on a sealed basis and properties shall not be sold below their appraised value. The Authority shall retain the right to reject any and all bids. Sealed bids, public advertisements and appraisals will not be required for properties with limited values. The Board of Directors may waive any or all provisions of this procedure when deemed most advantageous to and in the best interest of the Authority and/or the public.

NEW

The Board of Directors recognizes that certain surplus real estate may be unique and as a result may require special assistance and consultation. If one or more of the following factors apply to a particular lot, parcel or tract of land, the Property Committee may direct the Property Management Division to engage the services of a real estate brokerage and/or consulting professional to assist in the disposition of the land:

1. Appraised value of \$500,000.00 or more;
2. Waterfront;
3. 25 acres or more;
4. Commercial or industrial zoning;
5. Special archeological, historical or geographical features.

Revised September 26, 2004

SUBMISSION OF A JOINT BID TO PURCHASE
AN UNDIVIDED OWNERSHIP INTEREST IN
THE CATAWBA NUCLEAR STATION, YORK COUNTY

EXECUTIVE COMMITTEE
* September 27, 2004

Adopted	<u>✓</u>
Rejected	<u> </u>
Postponed	<u> </u>

RESOLUTION

WHEREAS, Catawba Nuclear Station ("Catawba") is an electric power generating station located in York County, South Carolina, that consists of two nuclear-powered electric generating units ("Catawba Unit 1" and "Catawba Unit 2") and certain support facilities ("Support Facilities"); and

WHEREAS, Saluda River Electric Cooperative, Inc. ("Saluda River") possesses an 18.75% undivided ownership interest in Catawba Unit 1 and a 9.375% undivided ownership interest in the Support Facilities; and

WHEREAS, Saluda River has an agreement with the Rural Utilities Service of the United States Department of Agriculture ("RUS"), to sell Saluda River's Catawba undivided ownership interest in the Catawba Nuclear Station in a competitive public bidding process administered by RUS which process is currently under way; and

WHEREAS, Authority and Central Electric Power Cooperative, Inc. ("Central") are parties to a Power System Coordination and Integration Agreement, dated December 31, 1980, as amended ("Coordination Agreement") under which the Authority supplies electric power and energy to Central to meet the power and energy requirements of Central's member cooperatives, including Saluda River; and

WHEREAS, the Authority is desirous of meeting the ongoing electrical capacity and energy needs of the combined Authority/Central system in the most cost effective means possible; and

WHEREAS, the Authority and Central have prepared and intend to submit a mutually acceptable Joint Bid, whereby Central, in cooperation with the Authority, intends to seek to acquire Saluda River's undivided ownership interest in the Catawba Nuclear Station and to lease that acquired interest to the Authority; and

WHEREAS, the Authority's system currently receives the benefit of the output of Saluda's ownership interest in Catawba; and

WHEREAS, the Authority and Central acknowledge that due to time constraints inherent in the competitive public bidding process they will be unable to draft and execute prior to the current due date for the submission of bids a final, written definitive lease document ("Definitive Lease"). Accordingly, the Authority and Central intend to execute a binding and enforceable agreement that contains, among other terms, all of the essential terms of the Definitive Lease ("Agreement to Enter Into a Definitive Lease") and such agreement shall be integral to the Joint Bid the Authority and Central intend to submit; and

NOW, THEREFORE, BE IT RESOLVED that the President and Chief Executive Officer of the Authority is hereby authorized to submit on behalf of the Authority a Joint Bid with Central Electric Power Cooperative, Inc., to purchase Saluda River's undivided ownership interest in the Catawba Nuclear Station. In furtherance of that Joint Bid, the President and Chief Executive Officer of the Authority is hereby authorized to execute an agreement between the Authority and Central styled Agreement to Enter into a Definitive Lease.

*If approved by the Executive Committee, this resolution will be referred to the full Board for approval.

This resolution was referred to and approved by the full Board.

12.120 (2)

From: Lonnie Carter
To: CXD@nmrs.com; dialdubose@nalleyproperties.com; drsanders1@charter.net; Green, Guerry; jcland@sc.rr.com; kgore@firstseinsurance.com; kmunson@wcsr.com; pallen@sc.rr.com; paul.campbell@alcoa.com; rcoen@coencapital.com; TGrahamEdwards@aol.com
Date: 10/1/04 12:18PM
Subject: Re: Transmittal of News Articles

Guerry,

I don't recall the Governor specifically bring up contributions or sponsorships. That is not say that he didn't. My notes and recollection is that we talked about why rates should be lower to customers served by Santee Cooper, additional money to the state, surplus property that could go back on the tax roles, parks around the lakes, service area, economic development and advertising. Keith and Graham were there. I have asked them about their recollection. Of course the Board worked on the property and the payment to the state. Also on management's recommendation, the Board approved reducing the advertising budget \$900,000 for 2004 last December. When I became President, I stopped all image and safety advertising.

We need look toward addressing the Governor's issues. The Governor made his wishes clear yesterday and we need to decide how to respond. To that end I am getting the staff to pull together all these type activities (donations, sponsorships, entertainment, participations, economic develop sponsorships, chamber sponsorships and membership, support to school and universities and the environmental symposium). I will be ready to discuss this with the Board at our October meeting. I need to know what our policy on these items will be going forward. Right now I have directed management not to do any of these items unless they were committed to in writing prior to yesterday.

We did reduce the budget for donations. I believe we will be under at least \$50,000.

We have information on the Coop's Round Up program. We have looked at it before. We will dust it off and have it too.

Nucor has been the most vocal of the industrial customers asking us to do something about fuel and our over all cost to them. Others have expressed concern about our fuel costs. If you want I could ask Suzanne for a list of what they have heard. We also have a meeting with the industrial customers next Tuesday at Wampee. I am sure we will get some feed back then.

I appreciate your call this morning. As we discussed, addressing what we do from here is the important issue. We need to implement these changes in the right way.

Thanks
Lonnie

>>> Guerry Green <guerry@screentight.com> 10/01/04 09:27AM >>>
Lonnie, I got the impression that the Governor high lighted contributions, sponsorships and etc at last years budget meeting. I do not recall the Chairman or management reporting back to the board that the Governor was concerned about the issues or his thoughts concerning them. If it was the Governors impression that we were going to do something about these issues as a result of last years meeting then the board should have been made aware of this expectation. Also, when we look at the list of contributions does it include all expenses thrown into the category of economic development? Can you send me a list of economic development expenses or outlays? Also, when we discussed contributions during last years budget approval process we projected that contributions would be down at least \$50,000. What will the actual number be?
MORE, Can you get someone to tell us, with the benefit of experience from

other similar organizations, as to what we could expect in revenue if we did a round up program on our monthly billing. Can you tell the board which industrial customer requested the rate stabilization proposal? One more thing, if management and prior boards were not responsibly managing Santee Cooper over the last several years then we would not have the luxury of these type of issues. Look forward to hearing from you.

Guerry

At 08:52 AM 10/01/2004 -0400, Lonnie Carter wrote:

>Attached are several articles that were published in The Post and Courier
>and The State newspapers over the past couple of days.

>

>Also, I wanted to advise you that the Rural Utilities Service (RUS) has
>extended their date for bids from October 6, 2004 until November 24,
>2004. We continue to work on our proposal.

>

>If you wish to discuss any of these items, please contact me.

>

>Thanks,

>

>Lonnie

>

>LNC:pmg

>

>

>

>

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>This message is intended exclusively for the individual or entity to which
>it is addressed. This communication may contain information that is
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>If you have received this message in error, please notify the sender
>immediately either by phone or reply to this e-mail, and delete all copies
>of this message.

CC: McCall, Bill; Peterson, Elaine; Singletary, R.M.; West, John

P-122 (2)

From: <guerry@screentight.com>
To: <munson@wscr.com>, <incarter@santeecooper.com>, <rcoen@coencapital.com>, <dialdubose@nalleyproperties.com>, <tgedward@santeecooper.com>, <cxd@nmrs.com>
Date: Wed, Oct 6, 2004 7:32 PM
Subject: Re: FW: Contributions at Budget Meeting

> Everyone, My quick response to Keith's email is that those not attending the meeting last year were denied the message that the Governor wanted the board to hear. Graham, what do you recall as being the Governor's concerns? If the Governor and his staff made it clear that we should address contributions, sponsorships and etc then the board as a whole was done a great disservice by not hearing that message. I have been told that there is no official report from the Governor's meeting last year. Our Chairman should have made it clear that we as a board were expected to act on these issues. The fact that our chairman disagreed with the possibility of reducing contributions or sponsorships should not have weighed in the decision to leave the balance of the board out of the loop on the Governor's expectations. The negative publicity could have been avoided if we had acted in a significant manner as expected by the Governor. There is a reoccurring theme that I am getting tired of, only certain pieces of information make its way to the board. All too often the pieces of information appear to be kept at a minimum to keep the board from addressing issues craddled by our chairman or management. It is unacceptable to be told only part of the story. At last October's meeting we discussed contributions. One was Brookgreen gardens and the other the Chamber of Commerce. Nothing was mentioned regarding the Governors request to review contributions. Who is in charge of deciding to renew the event at the Heritage? Who made that decision for 04? Was anything of substance accomplished? Who paid for the alcohol at the event? What is the connection with Partners? What do we provide Partners and what do they provide us? Did Partners actually write us a check? How much did we contribute to Partners? Is there an agreement related to this event between santee cooper and partners that the board should be aware of? Are there any other groups that pay for part of this event that are reimbursed under a different expense category? The bottom line is I believe we spent more on the Heritage than what we are being told. I look for toyou reply.

Guerry

> From: "Munson, Keith" <KMunson@wscr.com>
> Date: 2004/10/06 Wed AM 08:01:32 CDT
> To: "Lonnie Carter" <incarter@santeecooper.com>, "Guerry E. Green"
> <guerry@screentight.com>, "Richard H. Coen" <rcoen@coencapital.com>,
> "Vernie E. Dove" <kgore@firstseinsurance.com>, "G. Dial DuBose"
> <dialdubose@nalleyproperties.com>, "Patrick T. Allen" <pallen@sc.rr.com>,
> "J. Calhoun Land" <jcland@sc.rr.com>, "T. Graham Edwards"
> <tgedward@santeecooper.com>, "Clarence Davis" <cxd@nmrs.com>
> CC: "John S. West" <jswest@santeecooper.com>
> Subject: FW: Contributions at Budget Meeting

>
> Please see Confidentiality Notice before reading email.

> *****

>

>

>

>

> -----Original Message-----

> From: Munson, Keith [mailto:KMunson@wcsr.com]

> Sent: Wed Oct 06 08:59:44 2004

> To: 'Bill McCall'; 'Clarence Davis (E-mail)'; 'G. Dial DuBose (E-mail)'; 'Guerry E. Green (E-mail)'; 'J. Calhoun Land IV (E-mail)'; 'James W. Sanders (E-mail)'; 'John Tienken'; 'John West'; 'Lonnie Carter'; 'Patrick T. Allen'; 'Paul G. Campbell (E-mail)'; 'Richard H. Coen (E-mail)'; 'T. Graham Edwards (E-mail)'; 'Vernie E. Dove Sr. (E-mail)'

> Subject: Contributions at Budget Meeting

>

> The question came up after the meeting last week as to what extent contributions and sponsorships came up last year at the budget meeting. I checked my notes and they indicate that the Governor was interested in direct advertising (this was the issue I recall him dwelling on) and contributions, promotional activities and sponsorships. He asked for a list of our contributions (I don't know what follow up happened). Later that day (July 17, 2003), John Tiencken sent all board members a fax about the meeting, which noted that "the governor and his staff asked numerous questions regarding . . . Contributions . . .". Then on August 4, 2003, the Post and Courier did a report and noted that at the meeting, Governor "Sanford ask about Santee Cooper's . . . Contributions to charity."

>

> Keith

>

> Keith D. Munson, Womble Carlyle

> 864.255.5412

> Sent by blackberry

>

>

> *****

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> attach to this communication. Thank you for your cooperation.

>

>

CC: "John S. West" <jswest@santecooper.com>

From: "Clarence Davis" <clarence.davis@nelsonmullins.com>
To: "Lonnie Carter" <LNCARTER@santeecooper.com>, <paul.campbell@alcoa.com>, <drsanders1@charter.net>, <rcoen@coencapital.com>, <kgore@firstseinsurance.com>, <dialdubose@nalleyproperties.com>, "Graham Edwards" <TGEDWARD@santeecooper.com>, <jcland@sc.rr.com>, <pallen@sc.rr.com>, <guerry@screentight.com>, <kmunson@wcsr.com>
Date: Sat, Oct 9, 2004 3:44 PM
Subject: RE: FW: FW: Contributions at Budget Meeting

If there are any corporate planning documents or memos associated with various sponsorships, memberships, etc. in justification or whatever, it would also be helpful to see these, as well. Or, if any internal reporting of any is in existence which may state the purpose or the result of any sponsorships, etc. For instance, we often use the term "economic development purposes", etc. as a justification. Well, was a corporate representative of a prospect taken to the Heritage? Was there a quantifiable result? Was a present corporate customer an invitee and what was the purpose, etc. In other words, if there is a context in which the sponsorship or donation can be put in, then we need to know, if this is possible.

-----Original Message-----

From: Lonnie Carter [mailto:LNCARTER@santeecooper.com]
Sent: Friday, October 08, 2004 5:24 PM
To: paul.campbell@alcoa.com; drsanders1@charter.net; rcoen@coencapital.com; kgore@firstseinsurance.com; dialdubose@nalleyproperties.com; Clarence Davis; Graham Edwards; jcland@sc.rr.com; pallen@sc.rr.com; guerry@screentight.com; kmunson@wcsr.com
Cc: Bill McCall; Elaine Peterson; John West; Pam Gaskins; R.M. Singletary; Susie Gillians
Subject: Re: FW: FW: Contributions at Budget Meeting

Gentlemen:

We are pulling together what Santee Cooper has been doing and spending on donations, sponsorships, economic development, entertainment (Heritage, etc.), corporate memberships and advertising. We are making a thorough review and will have the details for the Board to review. The report will be complete including answering the questions below. This is a significant amount of work but I believe it is necessary for the Board to consider as we set our policies going forward. Our report will include management's recommended changes which will be extensive.

Graham is also traveling. He called and asked that I convey his desire that time be scheduled at the October Board meeting to fully discuss these matters. He recommends Board members receive management's report and discuss the appropriate policy changes before any conclusions are reached.

We are on track to get this done.

Thanks
Lonnie

>>> "Richard Coen" <rcoen@coencapital.com> 10/08/04 09:08AM >>>
Gentlemen,

Guerry is traveling and asked that I forward this to you. Also, he suggested that John West draft a resolution eliminating all contributions, sponsorships and expenses that may fall into either of these categories that we have not been privy to. Lonnie, Please be certain that we get ALL expenses related to these activities including funding sources or conduits and reimbursements that may have been disguised in the past. The new management and new board of directors have created an opportunity for Santee Cooper to "come clean" if there is anything that has any relationship to this issue what so ever. I hope I am being clear. Thank you, RHC

-----Original Message-----

From: guerry@screentight.com [mailto:guerry@screentight.com]

Sent: Wednesday, October 06, 2004 7:32 PM

To: munson@wscr.com; Incarter@santeecooper.com; Richard Coen; dialdubose@nalleyproperties.com; tgedward@santeecooper.com; cxd@nmrs.com

Cc: John S. West

Subject: Re: FW: Contributions at Budget Meeting

> Everyone, My quick response to Keith's email is that those not attending the meeting last year were denied the message that the Governor wanted the board to hear. Graham, what do you recall as being the Governor's concerns? If the Governor and his staff made it clear that we should address contributions, sponsorships and etc then the board as a whole was done a great disservice by not hearing that message. I have been told that there is no official report from the Governor's meeting last year. Our Chairman should have made it clear that we as a board were expected to act on these issues. The fact that our chairman disagreed with the possibility of reducing contributions or sponsorships should not have weighed in the decision to leave the balance of the board out of the loop on the Governor's expectations. The negative publicity could have been avoided if we had acted in a significant manner as expected by the Governor. There is a reoccurring theme that I am getting tired of, only certain pieces of information make its way to the board. All too often the pieces of information appear to be kept at a minimum to keep the board from addressing issues

craddled by our chairman or management. It is unacceptable to be told only part of the story. At last October's meeting we discussed contributions. One was Brookgreen gardens and the other the Chamber of Commerce. Nothing was mentioned regarding the Governors request to review contributions. Who is in charge of deciding to renew the event at the Heritage? Who made that decision for 04? Was anything of substance accomplished? Who paid for the alcohol at the event? What is the connection with Partners? What do we provide Partners and what do they provide us? Did Partners actually write us a check? How much did we contribute to Partners? Is there an agreement related to this event between santee cooper and partners that the board should be aware of? Are there any other groups that pay for part of this event that are reimbursed under a different expense category? The bottom line is I believe we spent more on the

Heritage than what we are being told. I look for your reply. Guerry

> From: "Munson, Keith" <KMunson@wcsr.com>

> Date: 2004/10/06 Wed AM 08:01:32 CDT

> To: "Lonnie Carter" <lcarter@santeecooper.com>, "Guerry E.

Green"

> <guerry@screenight.com>, "Richard H. Coen" <rcoen@coencapital.com>,

> "Vernie E. Dove" <kgore@firstseinsurance.com>, "G. Dial

DuBose"

> <dialdubose@nalleyproperties.com>, "Patrick T. Allen" <pallen@sc.rr.com>,

> "J. Calhoun Land" <jcland@sc.rr.com>, "T. Graham Edwards"

> <tgedward@santeecooper.com>, "Clarence Davis" <cxld@nmrs.com>

> CC: "John S. West" <jswest@santeecooper.com>

> Subject: FW: Contributions at Budget Meeting

>

> Please see Confidentiality Notice before reading email.

> *****
>
>
>

> -----Original Message-----

> From: Munson, Keith [mailto:KMunson@wcsr.com]

> Sent: Wed Oct 06 08:59:44 2004

> To: 'Bill McCall'; 'Clarence Davis (E-mail)'; 'G. Dial DuBose (E-mail)'; 'Guerry E. Green (E-mail)'; 'J. Calhoun Land IV (E-mail)';

'James W. Sanders (E-mail)'; 'John Tienken'; 'John West'; 'Lonnie

Carter'; 'Patrick T. Allen'; 'Paul G. Campbell (E-mail)'; 'Richard H.

Coen (E-mail)'; 'T. Graham Edwards (E-mail)'; 'Vernie E. Dove Sr.

(E-mail)'

> Subject: Contributions at Budget Meeting

>

> The question came up after the meeting last week as to what extent contributions and sponsorships came up last year at the budget meeting. I checked my notes and they indicate that the Governor was interested in direct advertising (this was the issue I recall him dwelling on) and contributions, promotional activities and sponsorships. He asked for a list of our contributions (I don't know what follow up happened). Later that day (July 17, 2003), John Tiencken sent all board members a fax about the meeting, which noted that "the governor and his staff asked numerous questions regarding . . . Contributions . . .". Then on August 4, 2003, the Post and Courier did a report and noted that at the meeting, Governor "Sanford ask about Santee Cooper's . . . Contributions to charity."

>

> Keith

>

> Keith D. Munson, Womble Carlyle

> 864.255.5412

> Sent by blackberry

>

>

> =====

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=====

CC: "Bill McCall" <BMCCALL@santeecooper.com>, "Elaine Peterson" <EGPETERS@santeecooper.com>, "John West" <JSWEST@santeecooper.com>, "Pam Gaskins" <PMGASKIN@santeecooper.com>, "R.M. Singletary" <RMSINGLE@santeecooper.com>, "Susie Gillians" <SBGILLIA@santeecooper.com>

MEETING OF THE BOARD OF DIRECTORS
PAWLEYS PLANTATION – ARCADIA ROOM
PAWLEYS ISLAND, SOUTH CAROLINA
FRIDAY, OCTOBER 29, 2004 – 8:00 A.M.

Regular Session

Directors Present: Chairman T. Graham Edwards, Directors Patrick T. Allen, Paul G. Campbell, Jr., Richard H. Coen, Clarence Davis, Vernie E. Dove, Sr., G. Dial DuBose, Guerry E. Green, J. Calhoun Land, IV, Keith D. Munson, and James W. Sanders, Sr.

Staff Members Present: Lonnie N. Carter, President and Chief Executive Officer; Bill McCall, Jr., Executive Vice President and Chief Operating Officer; John S. West, Executive Vice President and Chief Legal Officer; Elaine G. Peterson, Executive Vice President and Chief Financial Officer; R. M. Singletary, III, Senior Vice President, Corporate Services; Ronald H. Holmes, Vice President, Human Resource Management; Laura G. Varn, Vice President, Corporate Communications and Media Relations; Wm. Glen Brown, Jr., Corporate Secretary; Richard S. Kizer, Director, Governmental Relations; W. David Ensor, Supervisor, Operations; and Pamela M. Gaskins, Assistant Corporate Secretary

Also present were Mr. Kyle Stock of *The Post and Courier*, Ms. Anna Meadows of *The Berkeley Independent*, Mr. Gene Crider of the *Coastal Observer*, Ms. Zane Wilson of *The Sun News*, and Mr. Ronald J. Calcaterra, President and Chief Executive Officer of Central Electric Power Cooperative, Inc.

On Thursday, October 21, 2004, news media, persons, and organizations requesting notification of all public meetings were mailed agendas including the time, date, and location of the meeting. A revised agenda was faxed on October 27, 2004.

Chairman Edwards called the meeting to order. He presided, and Ms. Gaskins kept the minutes.

Director Sanders gave the invocation and Chairman Edwards led the group in reciting the Pledge of Allegiance.

Upon motion by Director Land, seconded by Director Campbell, the Board voted unanimously to waive reading of the minutes of the September 27, 2004, monthly meeting and adopted these minutes as submitted.

Media Clippings (Exhibit MB 10-1-04) dated September 2004 were mailed to the Board prior to the meeting.

Chairman Edwards stated that he wanted to respond to prior questions and concerns expressed by Director Green with regard to the Board not being fully informed as to the outcome of the 2003 budget hearing with Governor Sanford. Chairman Edwards stated that the issues addressed by the Governor at the 2003 meeting included: 1) why do we advertise and how much money was spent on advertising; 2) Santee Cooper's payment to the state; 3) Santee Cooper's generation expansion; and 4) the Governor requested a copy of the 2003 Contributions Report, which was provided. He said that contributions were briefly discussed at this meeting, but no concerns were noted. He also stated that the Board was fully briefed through a letter that Mr. John Tiencken prepared and mailed immediately following the meeting, which summarized the discussions held at the hearing. Mr. Tiencken also briefed the Board at a subsequent meeting.

Director Munson attended the 2003 Budget Hearing as well, and agreed with Chairman Edwards' synopsis of the meeting.

Director Green said he was concerned that all the Directors were expected to attend the hearing, but only a couple was actually in attendance. Chairman Edwards and Mr. Carter both responded that the Governor's office had specifically requested that the number of attendees be kept at a minimum.

Mr. Carter provided a full briefing of the September 30, 2004, public budget hearing with Governor Sanford. Individuals in attendance on behalf of Santee Cooper included Chairman Edwards, Director Green, Director Campbell, Director DuBose, Director Dove, Director Land, Director Coen, Mr. Carter and Mr. McCall. In addition to Governor Sanford and members of his staff, the hearing was also attended by the media and several members of the legislature, including Representative Shirley Law, Representative David Umphlett, Representative Chip Limehouse, Representative Wallace Scarborough and Representative Jim Merrill. Mr. Carter distributed a handout that was provided to the Governor at the hearing, which outlines Santee Cooper's accomplishments since the 2003 budget hearing (Exhibit MB 10-2-04). He stated that the following issues were discussed during the hearing:

- 1) Contributions and Sponsorships (Governor Sanford had a list of 2003 and 2004 sponsorships from which he read approximately 20 golf tournament sponsorships)
- 2) Attendance at the Heritage Golf Classic for entertaining economic development prospects and customers
- 3) "Pass throughs" to other state agencies
- 4) Additional property taxes by Santee Cooper for school districts (Representative Law raised this issue)
- 5) Additional payments by Santee Cooper to the State's General Fund (Representative Merrill raised this issue)
- 6) The sale of surplus property
- 7) John Tiencken's termination package
- 8) The proposed Industrial Fuel Stabilization Fund
- 9) Questioned Nucor paying lower rates at other locations in the state

Mr. Carter explained that the golf tournament sponsorships have been to support fund raising events for various non-profit organizations, and to promote and build working relationships with customers and the electric cooperatives. Santee Cooper has participated in the Heritage Golf Classic along with the Department of Commerce and the Palmetto Economic Development

Corporation for the purpose of enhancing customer relationships and reaching out to economic development prospects. Mr. Carter stated that work done with the Department of Commerce and the Department of Natural Resources may be impacted, depending on the definition of "pass through".

Mr. Carter referred to the binder entitled "Santee Cooper 2003/2004 (8/31) Financials and Management Recommended Policies – Advertising, Sponsorships, Contributions, Economic Development, Memberships, Miscellaneous" (Exhibit MB 10-3-04), which was mailed to the Board prior to the meeting. He stated that the recommendations contained in this report are offered to address issues raised during the budget hearing with Governor Sanford with regard to advertising, sponsorships, contributions, economic development, corporate memberships and other miscellaneous items. Mr. Carter began reviewing the recommendations and noted that there is a potential to reduce spending in the areas noted by approximately \$1.5 million.

At this point, the focus of discussion became Santee Cooper's contribution policy. There continued to be conflicting opinions with regard to whether or not Santee Cooper should discontinue all contributions, alter its contributions policy, or continue with its contributions program under the current policy.

Director Land stated that contributions are a very small portion of Santee Cooper's business and that the issue of contributions is overwhelming the board meetings. The controversy among the Board on this issue is causing staff to be reactive in researching and providing information and doesn't allow time to be spent on more pressing matters of the organization. He said the Board does not need to micro-manage, but should put their trust in management and allow them to do their job as outlined in corporate policy.

Director Allen said Santee Cooper's mission is to improve the quality of life for citizens in South Carolina and that contributions are one of the means by which to accomplish this.

Director Munson stated that enabling legislature requires greater social awareness in the areas served by Santee Cooper.

Director Green stated that he wasn't opposed to "all" contributions, but he feels that "fairness" is an issue, especially in Georgetown County, and that the amount of monies being spent should be re-evaluated.

Director Allen said that the Board would have an opportunity to address the amount of the overall contributions fund when the budget is presented for approval at the December Board Meeting.

Director Coen expressed a concern that the continuation of the contributions program may be perceived negatively by the Governor and Santee Cooper's customers. He suggested implementation of a "round-up" program, to give the customer the option of participating in a charitable contribution program.

Chairman Edwards reminded the Board that the issue of whether or not it is appropriate for Santee Cooper to make charitable contributions was considered by the Legislative Audit Council and a Compliance Review Committee of the General Assembly, which found that it is appropriate for Santee Cooper to have a contributions program.

Responding to Director Coen's inquiry regarding a "round-up" program, Mr. Carter said that Santee Cooper has reviewed the option of a "round-up" program in previous years. This type of program allows customers the option of participation. If they choose to participate, they would round-up their monthly payments to the nearest dollar. There would be an independent board (comprised of customers) to evaluate and decide who would be the recipients of these funds. He said the electric cooperatives currently have a "round-up" program and that most of the donations are for indigent help (i.e., assistance with electrical bills, health care, etc.) He also said legal advice was sought on implementing such a program.

Director Coen asked Mr. Calcaterra for input with regard to the electric cooperatives' "round-up" program. Mr. Calcaterra responded that the program works very well – funds are managed by an independent board made up of community citizens. He noted that the "round-up" program does not replace sponsorships.

Director Coen asked Mr. West for legal advice with regard to Santee Cooper implementing a "round-up" program.

Mr. West requested an Executive Session to provide legal advice. Upon motion by Director Coen, seconded by Director Land, the Committee unanimously voted to enter Executive Session to receive legal advice.

The Committee returned to Regular Session. Chairman Edwards reported no action was taken in Executive Session.

Director Campbell made a motion to affirm Santee Cooper's current contributions policy. The motion was seconded by Director Sanders.

Following discussion, Director Munson made a motion, which was seconded by Director Green, to amend the main motion to change the approval levels for contribution requests in the current contributions policy as follows:

President	- Up to \$5,000
Contributions Committee	- Up to \$10,000
Full Board	- Above \$10,000

Chairman Edwards put the amendment to the main motion to question via roll call voting. The amendment to the main motion did not carry. Voting results are as follows:

Director Patrick T. Allen	- No
Director Paul G. Campbell, Jr.	- No
Director Richard H. Coen	- No
Director Clarence Davis	- No
Director Vernie E. Dove, S.	- No
Director G. Dial DuBose	- No
Director Guerry E. Green	- No
Director J. Calhoun Land, IV	- No
Director Keith D. Munson	- Yes
Director James W. Sanders, Sr.	- No
Chairman T. Graham Edwards	- No

Chairman Edwards put the original motion to question via roll call voting. The motion carried. Voting results are as follows:

Director Patrick T. Allen	- Yes
Director Paul G. Campbell, Jr.	- Yes
Director Richard H. Coen	- No
Director Clarence Davis	- No
Director Vernie E. Dove, S.	- Yes
Director G. Dial DuBose	- No
Director Guerry E. Green	- No
Director J. Calhoun Land, IV	- Yes
Director Keith D. Munson	- No
Director James W. Sanders, Sr.	- Yes
Chairman T. Graham Edwards	- Yes

Director DuBose made a motion to place a moratorium of three (3) months on any new contributions or sponsorship requests, the motion was seconded by Director Munson.

Chairman Edwards put the motion to question via roll call voting. The motion did not carry. Voting results are as follows:

Director Patrick T. Allen	- No
Director Paul G. Campbell, Jr.	- No
Director Richard H. Coen	- Yes
Director Clarence Davis	- Yes
Director Vernie E. Dove, S.	- No
Director G. Dial DuBose	- Yes
Director Guerry E. Green	- Yes

Director J. Calhoun Land, IV	- No
Director Keith D. Munson	- Yes
Director James W. Sanders, Sr.	- No
Chairman T. Graham Edwards	- No

Mr. Carter reported that as directed by the Board, management has submitted a Request For Proposal to hire a consultant to conduct a study to develop, consider, and recommend new economic development initiatives to enable the Board to accomplish its goal of increasing value to the State of South Carolina.

Mr. Carter stated that the Department of Commerce (DOC) has submitted a request to Santee Cooper for a contribution to its Crescent Fund (previously known as Special Events Fund). The DOC is seeking funds to match \$314,000 budgeted by the state to market South Carolina. He said Santee Cooper contributed \$50,000 to this fund in 2001. He recommended the Board consider a \$25,000 contribution.

Upon motion by Director Campbell, seconded by Director Dove, the Board unanimously approved a \$25,000 contribution to the Department of Commerce Crescent Fund.

Mr. Carter said the Board had previously requested a comparison of Santee Cooper's payment to the state to other public power utilities. He distributed a report entitled "Payments by Public Power Utilities to State and Local Governments For Utilities Exceeding \$250 Million in Electric Operating Revenues" (Exhibit MB 10-4-04) for the Board's review and asked for guidance on the Board's position on its payment to the State.

Director DuBose said that it is not the Board's responsibility, but the State's, to determine if Santee Cooper should make any additional payments.

Director Coen stated that the additional payment to the State through the Surplus Property Sales Program was a one-time payment. He said he was not in favor of increasing the payment to the state. We needed to stay the course in working with the electric cooperatives.

Director Davis agreed that there should not be an increase in the payment to the state, due to the unknown impact of rising fuel costs.

Upon recommendation of the Human Resources Committee and upon motion by Director Sanders, seconded by Director Allen, the Board unanimously voted to approve the attached resolution entitled "Commendable Performance Recognition" (Exhibit MB 10-5-04).

Upon recommendation of the Property Committee and upon motion by Director DuBose, seconded by Director Davis, the Board unanimously voted to authorize executive management to proceed with the engagement of the top two brokerage firms to dispose of the properties included in Phase I of the Surplus Property Sales Program.

Ms. Gillette presented the year to date financial report for the period ending September 2004 (Exhibit MB 10-6-04). The Financial Statement dated September 2004 (Exhibit MB 10-7-04) was mailed to the Board prior to the meeting.

Ms. Meadows left the meeting and did not return.

Mr. Carter presented a preliminary 2005 board meeting schedule (Exhibit MB 10-8-04) for the Board's review and comments, noting that the schedule would be presented for approval at the January Annual Meeting.

Director Coen requested that one of the Board Meetings be held in Charleston, South Carolina. Mr. Carter replied that management would explore this possibility and report back to the Board.

Mr. Carter presented the monthly President's Report, summarizing recent and upcoming activities. The following topics were included in his report:

- Mr. Carter attended the American Public Power Association (APPA) Board Meeting. Various legislative issues relative to energy were discussed. APPA will be raising it dues.
- Santee Cooper hosted a meeting and dinner at Wampee for the industrial customers.
- Mr. Carter attended the SEUS Japan Economic Development Conference in Atlanta with Governor Sanford and South Carolina Delegation.
- Berkeley Legislative Delegation Dinner was held at Wampee. Reviewed Cross 3 & 4 construction, fuel costs, system growth, impact of hurricanes, payment to the state, and Governor's budget hearing.
- Mr. Carter met with the South Carolina Forestry Commission regarding burning bio mass, specifically wood chips, at our generation plants. Benefits would include assisting Forestry Commission in disposing of debris from the forest, creating an economic opportunity to create a business that would transport the debris to the generating plant, and providing a cheaper fuel alternative.
- Mr. Carter met with the Chief Executive Officer of York Electric Cooperative.
- Ms. Marissa Crawford is now our contact with Governor Sanford's office.
- Coal stockpiles are improving.
- The Catawba proposal deadline has been extended to November 24.

Meeting of the Board of Directors
October 29, 2004
Page 8

There being no further business and upon motion made and seconded, the meeting was adjourned.

Respectfully submitted,

APPROVED:

Pamela M. Gaskins
Pamela M. Gaskins
Assistant Corporate Secretary

T. Graham Edwards
T. Graham Edwards
Chairman

From: Lonnie Carter
To: Coen, Richard
Date: 8/9/04 8:16AM
Subject: RE: Eastport PIP

Richard,

I take that you are in town this week and missing the family trip to Minnesota?. If you are here, please keep in mind we have a meeting with the Central Coop group on Wednesday starting at Noon with lunch. I hope you can make it. I feel like we are making good progress.

Also let me know if we need to have some one meet Rob at the property.

Thanks
Lonnie

>>> "Richard Coen" <rcoen@coencapital.com> 08/06/04 05:57PM >>>
Rob and Guerry,
How about Wed. morning?
RHC

-----Original Message-----

From: Lonnie Carter [<mailto:ln Carter@santeecooper.com>]
Sent: Friday, August 06, 2004 4:36 PM
To: rcoen@coencapital.com
Subject: RE: Eastport PIP

Richard,

My schedule is pretty tight Monday and Tuesday. If you would like I could have someone joint Rob. Just let me know and I will work it out with Rob.

Thanks
Lonnie

>>> "Richard H. Coen" <rcoen@coencapital.com> 08/05/04 18:34 PM >>>
Lonnie,
Would you or anyone else from Santee Cooper like to meet with us?
RHC

From: Rob Rizzi [<mailto:rrizzi@broadstreetadvisors.com>]
Sent: Wednesday, August 04, 2004 2:19 PM
To: 'Richard H. Coen'; 'Jim Grant'; 'Frederick C. Ellsworth (E-mail)'
Subject: FW: Eastport PIP

Richard, I have spoken with Lonnie and Guerry. The only request that I have received for a hard copy package is Vernie Dove. I haven't received any other requests for additional packages or marketing flyers. Let me know if there's others so I can get those out. Also, as you saw from Lonnie's email, we spoke and he is forwarding to me a package on the property that they have provided.

Lastly, I would like to see the property before we send a proposal. Are you

available this Monday or Tuesday to drive up there? If you're not available, I can head down solo. Is there anybody from Santee Cooper that you would like me to meet with.

Thanks,
Rob.

From: Richard H. Coen [mailto:rcoen@coencapital.com]
Sent: Wednesday, August 04, 2004 11:53 AM
To: 'Jim Grant'; 'Robert Rizzi (E-mail)'; 'Frederick C. Ellsworth (E-mail)'
Cc: 'Lonnie Carter (E-mail)'; 'Pam M. Gaskins (E-mail)'
Subject: RE: Eastport PIP

Rob,
Have you talked with Lonnie?
We are on a tight time frame.
Do you have any extra copies of the offering and flyer?
Several directors have requested a hard copy and brochure.
You can get their names from Pam.

From: Jim Grant [mailto:jgrant@coencapital.com]
Sent: Wednesday, August 04, 2004 9:44 AM
To: Robert Rizzi (E-mail); Frederick C. Ellsworth (E-mail)
Cc: Lonnie Carter (E-mail); Pam M. Gaskins (E-mail); Richard H. Coen (E-mail)
Subject: Eastport PIP

Rob,

Please send a hard copy of the Eastport PIP to Vernie << Message: Vernie E. Dove Sr. >> E. Dove, Sr., 9409 Cove Drive, Myrtle Beach, SC 29572. He is a member of the Santee Cooper Board of Directors. He does not have an email address.

Thanks!

Jim Grant

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From: "Richard H. Coen" <rcoen@coencapital.com>
 To: "Jim Grant" <jsgrant@coencapital.com>, "Clarence Davis (E-mail)" <CXD@nmrs.com>, "G. Dial DuBose (E-mail)" <dialdubose@nalleyproperties.com>, "Guerry E. Green (E-mail)" <guerry@screehtight.com>, "J. Calhoun Land IV (E-mail)" <jcland@sc.rr.com>, "James W. Sanders Sr. (E-mail)" <drsanders1@charter.net>, "Keith D. Munson (E-mail)" <kmunson@wcsr.com>, "Patrick T. Allen (E-mail)" <pallen@sc.rr.com>, "Paul G. Campbell Jr. (E-mail)" <paul.campbell@alcoa.com>, "T. Graham Edwards (E-mail)" <tgedward@santeecooper.com>, "Vernie E. Dove Sr. (Business Fax)" @lsh134.siteprotect.com>, "Bill McCall Jr. (E-mail)" <bmcalls@santeecooper.com>, "Elaine Peterson (E-mail)" <egpeters@santeecooper.com>, "John West (E-mail)" <jswest@santeecooper.com>, "Lonnie Carter (E-mail)" <Incarter@santeecooper.com>
 Date: Mon, Aug 2, 2004 9:52 PM
 Subject: RE: Broad Street Advisors information (from Richard Coen)

Fred and Rob,
 Please contact Lonnie Carter tomorrow to discuss the Santee Cooper property in Litchfield.
 It has many of the characteristics of Eastport.
 If the board decides to use Broad Street Advisors, we would like to have the flyer out in 2-3 weeks and the packages available in 4 -6 weeks.
 I think the goal would be to have the property under contract before the elections in November.
 Let me know if this would work for you.
 What would you propose as your fee.
 This could be a joint venture, sale or long term ground lease.
 I know there is a preference for a strait sale.
 Thank you for your interest.
 RHC

From: Jim Grant [mailto:jsgrant@coencapital.com]
 Sent: Monday, August 02, 2004 2:21 PM
 To: Clarence Davis (E-mail); G. Dial DuBose (E-mail); Guerry E. Green (E-mail); J. Calhoun Land IV (E-mail); James W. Sanders Sr. (E-mail); Keith D. Munson (E-mail); Patrick T. Allen (E-mail); Paul G. Campbell Jr. (E-mail); Richard H. Coen (E-mail); T. Graham Edwards (E-mail); "Vernie E. Dove Sr. (Business Fax)" @lsh134.siteprotect.com; Bill McCall Jr. (E-mail); Elaine Peterson (E-mail); John West (E-mail); Lonnie Carter (E-mail)
 Cc: Frederick C. Ellsworth (E-mail); Robert Rizzi (E-mail)
 Subject: Broad Street Advisors information (from Richard Coen)

The web site for Broad Street Advisors is www.broadstreetadvisors.com. Also attached is the offering package Broad Street Advisors prepared for Eastport. << File: Eastport PIP.pdf >>

Jim Grant

CC: "Frederick C. Ellsworth (E-mail)" <FEllsworth@BroadStreetAdvisors.com>, "Robert Rizzi (E-mail)" <RRizzi@BroadStreetAdvisors.com>

From: "Richard H. Coen" <rcoen@coencapital.com>
To: "Jim Grant" <jsgrant@coencapital.com>, "Clarence Davis (E-mail)" <CXD@nmrs.com>, "G. Dial DuBose (E-mail)" <dialdubose@nalleyproperties.com>, "Guerry E. Green (E-mail)" <guerry@screenight.com>, "J. Calhoun Land IV (E-mail)" <jcland@sc.rr.com>, "James W. Sanders Sr. (E-mail)" <drsanders1@charter.net>, "Keith D. Munson (E-mail)" <kmunson@wcsr.com>, "Patrick T. Allen (E-mail)" <pallen@sc.rr.com>, "Paul G. Campbell Jr. (E-mail)" <paul.campbell@alcoa.com>, "T. Graham Edwards (E-mail)" <tgedward@santeecooper.com>, "Vernie E. Dove Sr. (Business Fax)" @lsh134.siteprotect.com>, "Bill McCall Jr. (E-mail)" <bmccall@santeecooper.com>, "Elaine Peterson (E-mail)" <egpeters@santeecooper.com>, "John West (E-mail)" <jswest@santeecooper.com>, "Lonnie Carter (E-mail)" <Incarter@santeecooper.com>
Date: Mon, Aug 2, 2004 10:50 PM
Subject: RE: Broad Street Advisors information (from Richard Coen)

Fellow board members and management,
 Please review process and services on the Broad Street website link found below.

The attached confidential offering package is a sample of their work but the best part is the process.

Hope this helps.

Please feel free to offer comments or suggestions.

Thank you,

RHC

From: Jim Grant [mailto:jsgrant@coencapital.com]
Sent: Monday, August 02, 2004 2:21 PM
To: Clarence Davis (E-mail); G. Dial DuBose (E-mail); Guerry E. Green (E-mail); J. Calhoun Land IV (E-mail); James W. Sanders Sr. (E-mail); Keith D. Munson (E-mail); Patrick T. Allen (E-mail); Paul G. Campbell Jr. (E-mail); Richard H. Coen (E-mail); T. Graham Edwards (E-mail); "Vernie E. Dove Sr. (Business Fax)" @lsh134.siteprotect.com; Bill McCall Jr. (E-mail); Elaine Peterson (E-mail); John West (E-mail); Lonnie Carter (E-mail)
Cc: Frederick C. Ellsworth (E-mail); Robert Rizzi (E-mail)
Subject: Broad Street Advisors information (from Richard Coen)

The web site for Broad Street Advisors is www.broadstreetadvisors.com. Also attached is the offering package Broad Street Advisors prepared for Eastport. << File: Eastport PIP.pdf >>

Jim Grant

CC: "Frederick C. Ellsworth (E-mail)" <FEllsworth@BroadStreetAdvisors.com>, "Robert Rizzi (E-mail)" <RRRizzi@BroadStreetAdvisors.com>

From: "Dial Dubose" <dialdubose@nalleyproperties.com>
To: "Richard H. Coen" <rcoen@coencapital.com>, "Jim Grant" <jsgrant@coencapital.com>, "Clarence Davis (E-mail)" <CXD@nmrs.com>, "Guerry E. Green (E-mail)" <guerry@screenight.com>, "J. Calhoun Land IV (E-mail)" <jcland@sc.rr.com>, "James W. Sanders Sr. (E-mail)" <drsanders1@charter.net>, "Keith D. Munson (E-mail)" <kmunson@wcsr.com>, "Patrick T. Allen (E-mail)" <pallen@sc.rr.com>, "Paul G. Campbell Jr. (E-mail)" <paul.campbell@alcoa.com>, "T. Graham Edwards (E-mail)" <tgedward@santeecooper.com>, "Vernie E. Dove Sr. (Business Fax)" @lsh134.siteprotect.com>, "Bill McCall Jr. (E-mail)" <bmccall@santeecooper.com>, "Elaine Peterson (E-mail)" <egpeters@santeecooper.com>, "John West (E-mail)" <jswest@santeecooper.com>, "Lonnie Carter (E-mail)" <lcarter@santeecooper.com>
Date: Fri, Aug 6, 2004 3:30 PM
Subject: RE: Broad Street Advisors information (from Richard Coen)

Richard,
 This a great idea. Their work on the Eastport project was impressive.
 If it pleases the committee we need to send out a RFQ to some local firms.
 Please let me if their are any objections or legal issues that come in to play.

Thank you,

Dial

> -----Original Message-----

> **From:** Richard H. Coen [mailto:rcoen@coencapital.com]
 > **Sent:** Monday, August 02, 2004 10:49 PM
 > **To:** 'Jim Grant'; 'Clarence Davis (E-mail)'; 'G. Dial DuBose (E-mail)';
 > 'Guerry E. Green (E-mail)'; 'J. Calhoun Land IV (E-mail)'; 'James W.
 > Sanders Sr. (E-mail)'; 'Keith D. Munson (E-mail)'; 'Patrick T. Allen
 > (E-mail)'; 'Paul G. Campbell Jr. (E-mail)'; 'T. Graham Edwards (E-mail)';
 > "Vernie E. Dove Sr. (Business Fax)" @lsh134.siteprotect.com; 'Bill McCall
 > Jr. (E-mail)'; 'Elaine Peterson (E-mail)'; 'John West (E-mail)'; 'Lonnie
 > Carter (E-mail)'
 > **Cc:** 'Frederick C. Ellsworth (E-mail)'; 'Robert Rizzi (E-mail)'
 > **Subject:** RE: Broad Street Advisors information (from Richard Coen)
 >
 > Fellow board members and management,
 > Please review process and services on the Broad Street website link found
 > below.
 > The attached confidential offering package is a sample of their work but
 > the best part is the process.
 > Hope this helps.
 > Please feel free to offer comments or suggestions.
 > Thank you,
 > RHC

>
 >
 > **From:** Jim Grant [mailto:jsgrant@coencapital.com]
 > **Sent:** Monday, August 02, 2004 2:21 PM
 > **To:** Clarence Davis (E-mail); G. Dial DuBose (E-mail); Guerry E. Green
 > (E-mail); J. Calhoun Land IV (E-mail); James W. Sanders Sr. (E-mail);
 > Keith D. Munson (E-mail); Patrick T. Allen (E-mail); Paul G. Campbell Jr.
 > (E-mail); Richard H. Coen (E-mail); T. Graham Edwards (E-mail); "Vernie E.
 > Dove Sr. (Business Fax)" @lsh134.siteprotect.com; Bill McCall Jr. (E-mail);
 > Elaine Peterson (E-mail); John West (E-mail); Lonnie Carter (E-mail)

> Cc: Frederick C. Ellsworth (E-mail); Robert Rizzi (E-mail)
> Subject: Broad Street Advisors Information (from Richard Coen)
>
> The web site for Broad Street Advisors is www.broadstreetadvisors.com
> <<http://www.broadstreetadvisors.com>>. Also attached is the offering
> package Broad Street Advisors prepared for Eastport. << File: Eastport
> PIP.pdf >>
>
> Jim Grant
>

CC: "Frederick C. Ellsworth (E-mail)" <FEllsworth@BroadStreetAdvisors.com>, "Robert
Rizzi (E-mail)" <RRizzi@BroadStreetAdvisors.com>

From: Lonnie Carter
 To: dialdubose@nalleyproperties.com
 Date: 8/6/04 5:07 PM
 Subject: RE: Broad Street Advisors information (from Richard Coen)

Dial,

We are working on bring this to the Property Committee on August 23rd. We probably will not have other proposals at that meeting because of the time frame and some issues we want the Committee's advice on before we solicit bids. I have asked Rob Rizzi with Broad Street Advisors to give us a proposal. This should give us an idea of what the cost might be to broker the property and also how this process works. Let me know if you want me to proceed differently.

Thanks
 Lonnie

>>> "Dial Dubose" <dialdubose@nalleyproperties.com> 08/06/04 15:30 PM >>>

Richard,

This a great idea. Their work on the Eastport project was impressive. If it pleases the committee we need to send out a RFQ to some local firms. Please let me if their are any objections or legal issues that come in to play.

Thank you,

Dial

> -----Original Message-----

> From: Richard H. Coen [mailto:rcoen@coencapital.com]
 > Sent: Monday, August 02, 2004 10:49 PM
 > To: 'Jim Grant'; 'Clarence Davis (E-mail)'; 'G. Dial DuBose (E-mail)';
 > 'Guerry E. Green (E-mail)'; 'J. Calhoun Land IV (E-mail)'; 'James W.
 > Sanders Sr. (E-mail)'; 'Keith D. Munson (E-mail)'; 'Patrick T. Allen
 > (E-mail)'; 'Paul G. Campbell Jr. (E-mail)'; 'T. Graham Edwards (E-mail)';
 > 'Vernie E. Dove Sr. (Business Fax)'@lsh134.siteprotect.com; 'Bill McCall
 > Jr. (E-mail)'; 'Elaine Peterson (E-mail)'; 'John West (E-mail)'; 'Lonnie
 > Carter (E-mail)'
 > Cc: 'Frederick C. Ellsworth (E-mail)'; 'Robert Rizzi (E-mail)'
 > Subject: RE: Broad Street Advisors information (from Richard Coen)
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 > Please review process and services on the Broad Street website link found
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 > The attached confidential offering package is a sample of their work but
 > the best part is the process.
 > Hope this helps.
 > Please feel free to offer comments or suggestions.
 > Thank you,
 > RHC
 >

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 > Sent: Monday, August 02, 2004 2:21 PM
 > To: Clarence Davis (E-mail); G. Dial DuBose (E-mail); Guerry E. Green
 > (E-mail); J. Calhoun Land IV (E-mail); James W. Sanders Sr. (E-mail);

> Keith D. Munson (E-mail); Patrick T. Allen (E-mail); Paul G. Campbell Jr.
> (E-mail); Richard H. Coen (E-mail); T. Graham Edwards (E-mail); "Vernie E.
> Dove Sr. (Business Fax)"@lsh134.siteprotect.com; Bill McCall Jr. (E-mail);
> Elaine Peterson (E-mail); John West (E-mail); Lonnie Carter (E-mail)
> Cc: Frederick C. Ellsworth (E-mail); Robert Rizzi (E-mail)
> Subject: Broad Street Advisors information (from Richard Coen)
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> The web site for Broad Street Advisors is www.broadstreetadvisors.com
> <<http://www.broadstreetadvisors.com>>. Also attached is the offering
> package Broad Street Advisors prepared for Eastport. << File: Eastport
> PIP.pdf >>
>
> Jim Grant
>

From: "Elaine Peterson" <EGPETERS@santeecooper.com>
To: "Kay Spann" <KSPANN@santeecooper.com>
Date: 5/16/2005 12:31:26 PM
Subject: Fwd: Gain on sale of Litchfield Tract

fyi. This one was sort of a by-product of the sealed bid he originally made that was rejected in the Sept. Board mtg. Those minutes should reflect what that bid was. He appealed to the Board at the Oct mtg and submitted a counter bid in either Nov. or Dec. HE put up earnest money around Dec. 6th and the deal closed in Jan 2005

Elaine G. Peterson
Executive Vice President & Chief Financial Officer
P. O. Box 2946101
Moncks Corner, SC 29461
(843)761-4004
Fax (843)761-7037
Email: egpeters@santeecooper.com

Gain on Sale of Litchfield Tract

Proceeds of Sale		\$5,575,000.00
Less: Revenue Stamps	(\$20,627.50)	
Appraisal Cost	(\$1,000.00)	
Advertising	(\$781.25)	
Survey Costs	(\$3,983.35)	
Signage	(\$347.92)	
Miscellaneous	<u>(\$34.84)</u>	<u>(\$26,774.86)</u>
Subtotal		\$5,548,225.14
Less: Cost of Land Sold		<u>(\$444,749.31)</u>
Gain on Sale		<u>\$5,103,475.83</u>

Proposed Journal Entry

	<u>Debit</u>	<u>Credit</u>
E01.CA1.XR.JGB003.C00001.E907.00000.0000.1070	\$444,749.31	
E01.CA1.BG.000000.000000.A401.00000.0000.1080		\$444,749.31
To retire land to account 1080.		
E01.CA1.XR.JGB003.C00001.E907.00000.0000.1070	\$5,103,475.83	
E01.C01.SB.000000.000000.R201.V0003.0000.4211		\$5,103,475.83
To book gain on sale of Litchfield Tract.		



This package was also
emailed to the Board on
8/25/04.

PMG

FAX TRANSMISSION

Santee Cooper
P. O. Box 2946101
Moncks Corner, SC 29461-6101
(843) 761-7024
Fax: (843) 761-7037
Email: sbgillia@santeecooper.com

To: T. Graham Edwards
Patrick T. Allen
Paul G. Campbell, Jr.
Richard H. Coen
Clarence Davis
Vernie E. Dove, Sr.
G. Dial Dubose
Guerry E. Green
J. Calhoun Land, IV
Keith D. Munson
James W. Sanders, Sr.

Date: August 25, 2004

From: Lonnie N. Carter, President & CEO

Subject: RFP and List

Page(s): 17, including this cover sheet

Gentlemen:

Attached is a draft RFP for brokerage and real estate advisory services and a preliminary list of receivers of the RFP as we discussed Monday.

Please provide me or Elaine any proposed additions/deletions to the list and any comments to the RFP at your earliest convenience.

We are proposing to send out the RFP on the afternoon of September 1. You will remember bids on the four properties in Phase I are due in the Corporate Secretary's office by 2:00 p.m. on September 1.

Thanks,

Lonnie

SANTEE COOPER LETTERHEAD

Date

Vendor Contact and Address

Subject: Real Estate Brokerage and Advisory Firm Proposal

Dear Mr. _____:

Santee Cooper is seeking potential Real Estate Brokerage firms to provide advice, to market and to sell certain properties it has identified as surplus. If you wish to be considered for these services, please respond to the enclosed "Request for Proposal" and return your proposal to the undersigned along with any other information about your company that you wish to submit (please be brief) no later than 12:00 noon on _____.

A Santee Cooper Evaluation Committee will review all submissions and select a firm who, in the sole judgement of the committee, is best capable of meeting the needs of Santee Cooper. Santee Cooper does not imply or guarantee any potential business as a result of this process.

Santee Cooper expressly reserves the right to reject any or all submissions, to waive any informalities or irregularities in the submissions received, and to accept those firms which in its judgement best serve its purpose.

If you have additional questions, please contact me at (843) 761-8000, Ext. _____, or via e-mail at xxxxxxxx@santecooper.com. My fax number is (843) 761-_____.

Sincerely,



**Request for Proposal
For
REAL ESTATE BROKERAGE &
ADVISORY SERVICES**

_____, 2004

One Riverwood Drive
P.O. Box 2946101
Moncks Corner, SC 29461-6101

South Carolina Public Service Authority (Santee Cooper)
Request for Proposal
REAL ESTATE BROKERAGE & ADVISORY SERVICES

SECTION I: INSTRUCTIONS TO PROPOSERS/ GENERAL INFORMATION

A. SANTEE COOPER OVERVIEW.

Santee Cooper, also known as the South Carolina Public Service Authority (SCPSA), is a utility created under the laws of South Carolina which, among other things, produces, transmits, and distributes electrical energy, both wholesale and retail, to the citizens of South Carolina. Santee Cooper is the nation's third largest public power system. Its power system encompasses all of the geographical area of the state. Santee Cooper and its 1700 employees serve directly and indirectly some of the most rapidly developing areas of the state, including growing suburban areas outside Charleston and Columbia as well as the coastal area of Myrtle Beach, Hilton Head Island, Kiawah Island, and Seabrook Island.

Santee Cooper's direct customers include one military establishment, 31 large industrial customers, and approximately 140,000 residential, commercial, and small industrial customers. Santee Cooper also provides power to Central Electric Power Cooperative, Inc. and two municipal electric systems, the City of Georgetown and the Town of Bamberg. Central Electric Power Cooperative, Inc. is a generation and transmission cooperative that provides wholesale electric service to each of the 20 electric distribution cooperatives located in all 46 counties of South Carolina. Through these wholesale customers, approximately 1.8 million South Carolinians receive their power from Santee Cooper.

Santee Cooper directly serves in excess of 140,000 residential, commercial, and small industrial customers in parts of Berkeley, Georgetown, and Horry counties. Service is provided to these customers through retail office employees located in Myrtle Beach, North Myrtle Beach, St. Stephen, Conway, Garden City, Loris, Moncks Corner, and Pawleys Island.

Santee Cooper's main generation comes from Jefferies Station (hydro, coal, and oil) located in Moncks Corner, Cross Station (coal) located in Cross, Winyah Station (coal) located in Georgetown, and Grainger Station (coal) located in Conway. Santee Cooper also has one-third ownership share of V.C. Summer Nuclear plant located in Jenkinsville. Our newest Generating Station is Rainey Generating Station in upper South Carolina near Anderson. It began commercial operation in 2002. To meet the increased demands of a growing and dynamic state, Santee Cooper has additional generation planned. Two 600 MW class units are scheduled to begin operation in 2007 and 2009. Santee Cooper has over 4,400 miles of transmission lines and more than 2,200 miles of distribution lines.

In addition to the electric entity, Santee Cooper has expanded to include the sale of water. Having constructed its first water treatment plant, Santee Cooper began commercial water operations in October 1994. The system can deliver up to 30 million gallons of water per day to its four wholesale cooperatives who serve approximately 116,000 customers.

Santee Cooper has joined forces with JEA, Municipal Electric Authority of Georgia (MEAG) and Nebraska Public Power District (NPPD) to form The Energy Authority (TEA), a power marketing alliance. TEA is a Georgia not-for-profit corporation, with corporate offices in Jacksonville, Florida. TEA is a full-service power-marketing organization with seven-day

per week, 24-hour per day trading operations responsible for actively buying and selling wholesale power for its members.

For additional information, visit the Santee Cooper web site at www.santeecooper.com.

B. PURPOSE.

From time to time, Santee Cooper will elect to dispose of selected excess properties it owns at various locations within South Carolina. Santee Cooper desires to engage professionals experienced with real estate brokerage and advisory services to assist it with disposition of certain properties that Santee Cooper's Board of Directors has identified in Section E below as surplus. This request seeks proposals to provide advice, to market and to sell the Litchfield and Little River properties from Phase 1 and selected excess properties in Phases 2 and 3. Any resultant contract with a selected firm will be governed by the Contract format mutually agreed upon by both parties.

Any real estate broker selected to provide services to Santee Cooper shall serve at the pleasure of Santee Cooper and the professional services of any firm may be terminated, at the sole discretion of Santee Cooper upon delivery of written notice of such termination to the selected firm.

C. SUBMISSION OF PROPOSAL INFORMATION.

Proposals are to include written responses to the questions and requests for information in the manner specified in this request and are to be labeled "Real Estate Brokerage & Advisory Services – Due Date _____" and submitted to the following:

Santee Cooper Corporate Secretary
Attn: Gail Graham M604
PO Box 2946101
One Riverwood Drive
Moncks Corner, SC 29461-2901

To be considered, one (1) copy of the proposal must be delivered to Santee Cooper not later than 12:00 noon on _____, 2004. All proposals will be time and date stamped upon receipt. Late proposals will not be accepted. Santee Cooper reserves the right to reject any or all proposals received.

D. ADDITIONAL INFORMATION.

It is the responsibility of the responder to inquire about and clarify any aspect of this request. Questions should be directed to John S. West, Executive Vice President & Chief Legal Officer, at telephone 843-761-7078. Substantive questions and answers will be documented in letter form and will be sent to all firms invited to submit a proposal.

E. LIST OF PROPERTIES FOR DISPOSAL.

PROPERTY DESCRIPTION AND LOCATION, ETC NEEDS TO BE LISTED HERE. IF THERE ARE OTHER DOCUMENTS THAT PROVIDE INFORMATION ABOUT THE PROPERTIES THAT ARE TO BE ATTACHED, THEN THOSE DOCUMENTS SHOULD ALSO BE REFERENCED HERE.

F. SELECTION PROCESS.

Santee Cooper's Evaluation Committee will review the submitted proposals. The proposals will be evaluated based on the selection criteria stipulated below. Proposals which omit any of the required information may be rejected as non-responsive. After its review and evaluation, the committee will make a selection decision and present its recommendation to Santee Cooper's Executive Management Purchasing Committee for approval.

Santee Cooper may at any time prior to the selection of a firm reject any and all proposals without liability therefore. Further, regardless of the number and quality of the proposals submitted, Santee Cooper shall under no circumstances be responsible for any responder's costs and expenses incurred in submitting a proposal in response to this request. Each firm that submits a proposal does so solely at its own cost, risk and expenses. This request in no way obligates Santee Cooper to select a firm.

G. SELECTION CRITERIA.

The Evaluation Committee composed of selected members of Santee Cooper staff will review the proposals received in response to this request. The committee will generally use the following criteria to evaluate all acceptable proposals to select the most qualified firm. However, the committee reserves the right to evaluate proposals based upon factors beyond the listed criteria.

CRITERIA

1. Qualifications of the staff to be assigned to Santee Cooper's account
2. Professional qualifications and licenses necessary for satisfactory performance of required services
3. Capacity to assign resources to accomplish the work
4. Advertising and marketing abilities and proposed plan for marketing the properties listed herein
5. Experience selling similar properties in South Carolina
6. Familiarity with market conditions in the area where the properties are located
7. Satisfactory past performance on contracts with Santee Cooper, other government agencies, and private industry on similar projects
8. Specialized experience and technical competence in the type of work required
9. Has or will obtain Insurance as stipulated herein
10. Reasonableness of anticipated fees and/or compensation requirements

SECTION II: SCOPE OF SERVICES AND REQUIREMENTS.

The firm selected will provide the following services including but not limited to:

1. Advise Santee Cooper on the expected selling price range as well as listing price
2. Advise Santee Cooper concerning market conditions and expected time to sell
3. Develop and implement a sale strategy and marketing plan for each property
4. Provide all proposals and offers to Santee Cooper
5. Provide and review documents related to sale and assist in the closing of sales

SECTION III: PROPOSAL FORMAT

A. TRANSMITTAL LETTER.

A one page transmittal letter prepared on the responding firm's business stationery should accompany the proposal.

B. PROPOSAL RESPONSE.

The proposal should be labeled "Real Estate Brokerage & Advisory Services". The submission must contain sufficient information to enable the Evaluation Committee to evaluate the proposal. It should be prepared in a clear and concise manner and should address each of the following subsections:

1. Broker Personnel.

Describe the manner in which you would organize your firm's resources to serve as Santee Cooper's real estate broker. In doing so, please address the following questions or issues:

- a. Provide organizational information concerning your firm's personnel resources and office locations that can be utilized for this project.
- b. Identify the individual(s) who will manage the marketing of the properties on a day-to-day basis. Indicate the degree to which he or she will be able to commit the firm's resources to Santee Cooper. What is this person's availability for this assignment and what other commitments does he or she have? Please provide information about his/her education, professional certifications/licenses, and experience.
- c. Identify other personnel and/or subcontractors who will be assigned to work on this project, their roles and responsibilities. Provide a statement of the background, skills and expertise of each individual identified to complete the services assigned her/him.

Please ensure you include information about their education, professional certifications/licenses, and experience.

2. Marketing Approach and Recommendation for the Sales Price.

Please respond briefly to the following issues as you deem appropriate:

- a. Method(s) to be used determine selling price
- b. Types of marketing available locally, regionally, and nationally if required and how your firm would approach marketing for this assignment

3. Presence within and familiarity of areas where properties are located.

Please explain your firm's presence in and familiarity with the market areas where the properties are located and describe how this is relevant to this selection. Please provide the number of transactions and the total sales of your firm by year for the last five (5) years. How many of the transactions by year were related to properties in South Carolina?

4. Rationale for Appointment and Proposal Summary.

This section of the proposal should be used to present the case for your firm's appointment to the position sought. Briefly describe your firm's qualifications and experience. Describe how your qualifications and experience in marketing and selling properties is relevant to the proposed transaction. In particular, you may want to select properties you sold where you overcame challenges which may be encountered with the properties being considered for this assignment.

5. Past Performance and References.

Please provide the following information as pertains to past performance:

- a. Provide a listing of at least five engagements where your firm performed services on similar projects. The listing should include:
 - 1). A brief description of the project and the property location,
 - 2). The client's name, and
 - 3). The client's contact and phone number.
- b. For the last five (5) years, what is the average amount of time between listing of the properties and closing?
- c. Provide the average percentage above appraised value (exclusive of commissions) your firm has achieved in each of the last five (5) years.

6. Indemnification and Insurance.

Confirm that your firm has or will obtain and maintain for the duration of any resultant contract, insurance coverages in the minimum coverage amounts indicated in the below listed Indemnification and Insurance Requirements.

7. Brokerage Fee/Compensation.

Your proposal shall describe the Broker's proposed compensation structure including fee and payment schedule.

INDEMNIFICATION AND INSURANCE REQUIREMENTS

Section 1. The Firm shall indemnify and hold Santee Cooper, joint ventures, agents, and employees harmless from and against all liability claims and demands on account of damages to persons or property, including death to employees of the Firm or his suppliers or subcontractors, arising out of or connected with the performance of this Agreement regardless of whether such injury, loss or damage shall be caused by the negligence of the Firm, his subcontractors, suppliers, agents, employees, or otherwise. The Firm shall at his own expense, defend any and all actions based herein and pay all attorney's fees, costs and expenses arising therefrom.

Without limiting any of the other obligations or liabilities of the Firm, the Firm shall provide and maintain, until the services are completed and accepted by Santee Cooper, minimum insurance coverage as follows (aircraft insurance is required only when an aircraft is used in conjunction with the contract):

- a. Aircraft Liability (Required when used in conjunction with this contract):
 - (1) Combined single limit, bodily injury/property damage - \$2,000,000
 - (2) Passenger liability of at least \$100,000 per seat
- b. Workers' Compensation
 - (1) Statutory – Subject to the laws of the State of South Carolina
 - (2) Employer's Liability –
 - a. Bodily injury by accident – \$500,000 each accident
 - b. Bodily injury by disease – \$500,000 each employee
- c. Commercial General Liability – Occurrence Form
Minimum \$1,000,000 limit – Personal injury/property damage unless checked below:

Coverage A should include premises, operations, products and completed operations, independent contractors, contractual liability covering this agreement or contract, fire legal liability and broad form property damage coverages.

Coverage B should include personal injury and advertising injury.

Coverage C should include medical payments.
- d. Comprehensive Automobile Liability
Minimum limit of \$500,000 – bodily injury and property damage, unless checked below:

Automobile Liability coverage is to include bodily injury and property damage arising out of operation, maintenance or use of any auto, including owned, non-owned and hired automobiles and employee non-ownership use.

- e. Professional Liability (Errors and Omissions) – \$1,000,000

CERTIFICATES OF INSURANCE

Certificates of such insurance are to be provided to Santee Cooper before commencement of any work under this Agreement. Certificates of Insurance shall provide that Santee Cooper shall be notified at least 30 days in advance of cancellation, nonrenewal or adverse change. New Certificates of Insurance are to be provided to Santee Cooper at least 15 days prior to coverage renewals. If required by Santee Cooper, the Firm shall furnish copies of the Firm's insurance policies, forms and endorsements.

Receipt of Certificates or other documentation of insurance or policies or copies of policies by Santee Cooper or any of its representatives which indicate less coverage than required does not constitute a waiver of the Firm's obligation to meet the insurance requirements herein. All insurance contracts shall be countersigned by a resident agent or attorney in fact, and complete address and telephone number shall be provided with certificates.

As respects to general, automotive, and aircraft liability insurance, Santee Cooper shall be an additional insured on the policy. The Certificate of Insurance will indicate Santee Cooper as an additional insured.

As respects to aircraft liability insurance, the Certificate will show specific activity or activities which the Firm will be performing. Certificate will also show as a separate statement that Firm's aircraft liability insurance is the primary insurance as respects any occurrence.

ADDITIONAL REQUIREMENTS

The Firm shall not allow any subcontractor to commence work until the Firm has determined that the subcontractor has met the minimum insurance requirements specified above.

Insurance required of the Firm or any subcontractor shall be considered primary, and insurance of Santee Cooper shall be considered excess, as may be applicable to claims which arise out of the hold harmless, insurance, additional insurance and Certificates of Insurance provisions of this Agreement.

Note that Commercial General Liability is to be based on the occurrence form and not claims made unless otherwise approved in writing by Santee Cooper. Further, Firm's general liability insurance policy shall contain no condition or endorsement that prohibits Santee Cooper as an additional insured from making claim under said policy against Firm as named insured.

All coverage required herein shall be placed with carriers that are acceptable to Santee Cooper, and coverage should be provided by insurance carriers which are licensed (also referred to as admitted) by the State of South Carolina or by insurance carriers which are acceptable as surplus line carriers (also referred to as acceptable non admitted carriers) by the State of South Carolina.

Precautions shall be exercised at all times by the Firm for the protection of all persons, including employees and property. The Firm shall make special effort to detect hazardous conditions and shall take prompt action where loss control safety measures should reasonably be expected.

Coldwell Banker Commercial Caine
Bryan Blackwood, CCIM
P.O. Box 1908
Greenville, SC 29602

Carroll Properties Corporation
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Market classifications takes utility to the woodshed

Governor targets Santee Cooper's spending

Published on 10/01/04

BY KYLE STOCK
Of The Post and Courier Staff

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Gov. Mark Sanford rebuked Santee Cooper's executives and board of directors Thursday for spending hundreds of thousands of dollars a year to sponsor golf and other tournaments at a time when the state's budget is tight.

The scolding came during an annual budget meeting that Sanford held with the state-owned utility. At the start of the hourlong session at The Citadel, Sanford warned that he would be "brutally frank."

He commenced to tick off a list of golf, fishing and basketball tournaments that Santee Cooper has sponsored in recent months. He also criticized the utility for giving money to various nonprofits.

And he referred to the dollars used to buy sponsorships and make donations as a slush fund and a "third window by which people are being taxed."

Santee Cooper spent \$416,566 in sponsorships in 2003 and plans to spend \$367,743 this year.

"If (the executive director) of DOT did that, I think she'd be in jail," Sanford said, referring to the Department of Transportation's Elizabeth S. Mabry. "I don't even get to do that."

The governor believes the money would be better spent by the General Assembly. Dollars that went to put on golf tournaments might better be used to immunize or educate South Carolina's children, Sanford said. He also noted that the funds should be distributed evenly throughout the state and not concentrated only in areas where power lines carry Santee Cooper electricity.

"What I think is so important that came out of this budget hearing is if you are spending \$70,000 on a golf tournament and the (state) Department of Commerce has cut out that activity, shouldn't that be a red flag?" he said.

Taking into account contributions made to charities as well as event sponsorships, the utility has forked out more than \$1 million annually in recent years, although its current board is split on the practice of giving to nonprofits.

Earlier this week, directors froze \$2.4 million in donation requests, agreeing to address the utility's contribution policy in a vote later this fall. Nine of the 11 directors have been appointed by Sanford in the past year or so, and many of them have echoed the governor's arguments about donations.

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"For me, this is not gray; this is black and white," director Richard Coen said at the Thursday meeting. "This is not our money and we should not be giving contributions."

Some board members, however, contend that utilities, whether public or private, should be a philanthropic presence in the communities that they serve.

On Thursday, Graham Edwards, chairman of the board and a former Santee Cooper chief executive officer, said golf tournaments should be viewed as an investment in economic development that could yield big returns to the state if they help sway a business to move to South Carolina.

"It's really a philosophical issue," Edwards said. "But there is a return on investments in the community."

He said everything the utility has done has been above board and that it is legal for it to make the contributions. Also, Edwards pointed out that unlike most state agencies, Santee Cooper receives no state appropriations.

Santee Cooper CEO Lonnie Carter argued that at least a few direct contributions should be kept intact, including those to rural fire departments and those matching employee donations to the Trident United Way.

It was not the first time Santee Cooper's giving policy has come under fire. In 1995, the utility was sued by a private conservative group, the South Carolina Policy Council, for giving money to religious organizations, private schools and organizations that the utility's directors were affiliated with. The utility settled the lawsuit and changed some of its giving policies at the time. It no longer donates to private schools or religious groups.

Sanford criticized Santee Cooper's giving at his budget meeting with the utility last year, too.

In his view, there is not nearly enough scrutiny into where and how Santee Cooper donates dollars. On Thursday, he said Santee Cooper's directors and executives were slow to reform a policy that he said violates the "sanctity of (state government's) relationship to taxpayers."

"You guys could have cleaned up the golf tournaments in here on your own," Sanford said. "You've had a whole year to do it."

Several lawmakers in attendance supported Sanford's calls for change. Rep. Wallace Scarborough, a Charleston Republican, suggested legislation that would prohibit Santee Cooper from giving donations. Rep. Shirley Hinson, a Republican from Goose Creek, went a step further in recommending a law that would require the utility to pay some form of state property tax.

Sanford also questioned a recently drafted policy in which Santee Cooper would let its biggest industrial customers defer up to \$25 million in electricity payments, as a way to mitigate surging power prices. The Santee Cooper board gave its preliminary OK to the plan Monday and will ultimately decide in November whether to offer the payment deferrals.

Sanford said he was concerned about the plan pulling down the utility's bond ratings. He also noted that Santee Cooper's smaller customers would, in effect, be subsidizing the biggest power users if any of the plants went bankrupt in the next five years.

In response, Santee Cooper executives said the plan is needed to keep South Carolina industries competitive in the world market. Carter said the utility's exposure to risk would be "reasonable." He also noted that similar programs are common at other utilities.

Republican Rep. David Umphlett, who represents Moncks Corner, likened Sanford's criticism of Santee Cooper in budget meetings this year and last to kicking a dog. Sanford laughed at the analogy, but picked it up.

"Is it going to require a third kick in looking at, a little more politically, the way that they run their house?" he asked.

Sanford had a less-contentious powwow with heads of the South Carolina Research Authority, an agency created in 1984 to bring high-wage jobs to the state. Rep. Bobby Harrell, the Charleston Republican who chairs the House Ways and Means Committee, asked for a state audit of the authority in July, based on concerns that employees were overcompensated.

Harrell quarterbacked most of the session and was joined by Sanford in questioning the \$1.9 million in pay, benefits and retirement the authority doled out for its top 10 executives last year.

Research Authority president Larry Druffel said the relatively high pay was necessary to get qualified employees.

"Any one of these people can walk out tomorrow and get more money than they do now," Druffel told Sanford.

Both Harrell and Sanford said the meeting was "a beginning of a conversation." They plan to examine more closely what sort of return the Research Authority provides the state in coming months.

Utility to cut donations by 28%

Santee Cooper plans to slash charitable spending by about \$758,000 following criticism by governor

Published on 11/23/04

BY KYLE STOCK
Of The Post and Courier Staff

Santee Cooper, upbraided by Gov. Mark Sanford for its spending on charities and community groups, unveiled a budget blueprint Monday that would cut the utility's donations and sponsorships next year by about 28 percent.

The state-run Moncks Corner company is spending \$2.73 million this year on a variety of events and initiatives categorized as contributions, sponsorships and economic-development efforts. The budget submitted to the utility's board of directors Monday calls for \$1.98 million in similar allocations in 2005. The board did not vote on the spending plan at its Monday meeting, but it is required to ratify the budget before the New Year.

All told, about \$758,000 of Santee Cooper money will be absent from South Carolina nonprofits next year — including money donated to fire departments, arts organizations and golf tournaments — if directors approve the plan presented by the executive staff.

Most of the proposed cuts are allocations of a few hundred dollars: \$300 to the Berkeley County YMCA, \$500 to the Girl Scout Council of the Lowcountry and \$150 for the Sumter High School football program, for example.

But the preliminary budget proposal calls for an end to a number of bigger provisions. Most notably, Santee Cooper would stop funding the Heritage golf tournament, to which it gave \$33,844 this year, and the South Carolina World Trade Center, which received \$12,035 from the utility.

The question of whether Santee Cooper should contribute to nonprofit organizations has been hotly debated for months.

Those in favor of the giving argue that a large power company should support initiatives to improve the communities it serves. Others say that a state authority's excess money should be sent to the General Fund and allocated via the Legislature's budget process.

That was the argument made by Sanford, who took the utility to task for its giving practices at an annual budget meeting Oct. 29. Sanford called the donations "a slush fund" and "a third window by which people are being taxed."

In the weeks after the meeting with Sanford, there was a push by some board members to freeze the utility's donations. On Oct. 29, the board voted 6-5 in favor of keeping the utility's giving policy intact and addressing donations on a case-by-case basis. There was no major dissent to the budget recommendations at Monday's meeting.

"I think the budget as presented today was a real good shot at a final budget," said Paul Campbell, a director who has consistently voted and argued in favor of Santee Cooper contributions. "We did cut it to the bone."

The budget proposal would keep intact Santee Cooper's donations to Trident United Way, as well a number of allocations to economic-development funds and initiatives, including some \$5,500 to the state Department of Commerce. It also calls for \$300,000 a year earmarked for education.

In terms of the utility's core business, generating and distributing electricity, the \$836.6 million spending proposal anticipated an additional \$121.7 million in costs next year, a 17 percent increase. Most of the rising costs can be attributed to the surging cost of fuel, which comprises about three-quarters of the utility's total outlays.

"We're all in the same boat, whether we drive a car or run a power plant," said director J. Calhoun Land IV. "We couldn't do much better under the circumstances."

Santee Cooper made a number of cuts in its power-transmission and administrative costs to keep its 2005 budget closer to what it will spend this year. The spending plan that went before the board Monday was \$27.8 million, or 3.2 percent, less than the 2005 targets that the utility came up with earlier this year.

"We squeezed pretty tight on a lot of that stuff in there," said President and Chief Executive Officer Lonnie Carter.

Kyle Stock covers utilities. He can be reached at 937-5763 or at kstock@postandcourier.com.


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Sanford's belt-tightening pressures Santee Cooper

Published on 08/04/03

BY KYLE STOCK
Of The Post and Courier Staff

AH:Utility resists suggestion that it should restructure, do more to fill state coffers

Gov. Mark Sanford, resolute in finding ways to shore up the state's sagging finances, has spent part of the summer in sometimes tense budget meetings with one government agency head after the next.

Among others, he's met with leaders of the Department of Mental Health, the Department of Health and Human Services and the State Ports Authority.

In each case, the governor has questioned the effectiveness of these agencies and whether they're as lean as they should be.

A few weeks back, it was Santee Cooper's turn.

Sanford wasn't worried about whether the utility is a bloated bureaucracy, but he did create waves by coming in with suggestions that would require a striking restructuring of the way it does business.

Sanford asked about Santee Cooper's real estate holdings, the purpose of its advertising, its role in economic development, its debts and its contributions to charity.

The biggest bombshells, however, came when the governor asked Santee Cooper officials about giving up a greater share of their operating revenues to the state's general fund.

Aren't Santee Cooper's rates, which can be 10 to 40 percent less than those of investor-owned, or privately run, utilities, the result of tax breaks that are the equivalent of a subsidy, the governor asked.

Couldn't, and shouldn't, Santee Cooper cut its interest expenses to make a bigger contribution to the state, Sanford queried.

He never revealed how much bigger he thought Santee Cooper's contribution should be, but he said Santee Cooper could save money by slowing its push to expand generating capacity.

"The fact is that 70 percent of your business is making sure that some guy can operate his VCR for a little less than he'd otherwise be paying," Sanford told Santee Cooper executives at the July 17 meeting. "I think the economic benefits of that to the state are at best marginal."

For a utility that's been run in pretty much the same way since 1939, the suggestions made by the governor at Santee Cooper's Moncks Corner headquarters would mean a huge break from the past.

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John Tiencken, the chief executive officer of Santee Cooper, didn't give Sanford the answers he was hoping to hear.

For starters, Tiencken told the governor that Santee Cooper's rates are lower because the company is more efficient than other utilities. Sanford countered that the lower rates are possible only because of the utility's status as a state agency exempt from certain taxes, not because of its greater efficiency.

In an interview in his office a few days after his meeting with Sanford, Tiencken defended how the utility is run. He said Santee Cooper has accomplished precisely what it was established to do when it was created: make sure that the South Carolina residents it serves get the cheapest power possible.

A PUBLIC WORKS PROJECT

When Franklin D. Roosevelt was elected president in 1932, much of rural South Carolina still lit homes with gas lamps. Power companies at the time were reluctant to spend the money to string lines to small communities far from their plants. Moving to lift the nation out of the Great Depression, Roosevelt's New Deal quickly changed the landscape.

As part of a program of nationwide public works projects, Roosevelt's administration bankrolled the Pinopolis dam, and the S.C. Public Service Authority (Santee Cooper's formal name) was born.

Although lawmakers in Columbia have little control over its operations, Santee Cooper was set up as a state agency in order to qualify for federal funds. That also lets Santee Cooper escape property and income taxes, allowing the company to charge less for its power than investor-owned utilities.

The federal government paid the bill for thousands of miles of power lines to be strung in South Carolina. The lines connected to 20 power cooperatives, groups of residents that were obliged to buy their electricity from Santee Cooper.

Santee Cooper now generates power for 1.6 million customers and supplies water to 102,000. The company runs two hydroelectric stations, four coal-burning generators, a natural gas-fired station and a "green," methane-burning complex. The company owns a third of a South Carolina Electric & Gas nuclear plant in Jenkinsville and operates turbine units in Myrtle Beach and on Hilton Head Island.

About 70 percent of its revenue comes from residential customers, while military and industrial users make up 30 percent.

Every year, Santee Cooper contributes about 1 percent of its gross operating revenue to the state, pouring about \$10 million into the \$5.4 billion general fund last year.

It also contributes to the state indirectly as an engine for economic development. Although it can't alter its rates for a specific customer as SCE&G can, Santee Cooper has been a major factor in courting companies such as Nucor Corp. and Alcoa Inc. to build plants in the state.

In ticking off its successes, Tiencken points to Santee Cooper's top-level bond ratings, its reliability in providing uninterrupted service and its increasing efficiency. In the past nine years, Santee Cooper has trimmed its staff by 7 percent while boosting production by 50 percent. Tiencken also is proud to manage the lakes he grew up fishing, and he is proud to head the company where both of his parents worked.

TAXPAYERS VS. RATEPAYERS

To Sanford, the Santee Cooper model is outdated.

With power companies blanketing the state, Sanford says Santee Cooper should spend less on building new generating plants and "feel-good" advertising and let investor-owned utilities pick up the slack.

Sanford says Santee Cooper should help taxpayers more by focusing on economic

development, particularly by courting big industrial companies looking for a home.

"What is the strategic advantage that comes to the state of South Carolina as a result of being in the residential electric business?" Sanford asked Santee Cooper officials at their meeting with him.

The governor said the utility should work harder for South Carolina's 4 million or so residents, about 65 percent of whom aren't served by Santee Cooper's cheap electricity.

Tiencken and his executives countered that economic development, while a major component of the utility's operations, is a byproduct of its primary mission.

Because it receives no state or federal money, Santee Cooper's obligations are to its ratepayers and its bondholders, Tiencken said.

Taxpayers finish third.

"Our end-all and be-all is rural South Carolina. That's where we started. That's how we started," Tiencken told the governor. "We're not operating a business. We believe that we're performing and doing what we should be doing and how we should be doing it."

The average Santee Cooper customer would pay an additional \$20 per month if forced to switch to an investor-owned utility, according to Graham Edwards, the chairman of Santee Cooper's board and its former chief executive.

But that's just an estimate. Santee Cooper's average residential customer now pays \$74.28 a month for its power. The average SCE&G customer pays \$86.97 each month.

Executives at Central Electric Power Cooperative Inc. declined to speculate how much their rates would change if they were forced to buy more power from investor-owned utilities such as SCE&G.

Tiencken and his team try to keep rates competitive by carefully figuring how much power they need day to day and year to year. Buying too little generating capacity causes spikes in rates. Buying too much eats into Santee Cooper's bottom line. Temperatures and population growth are projected. The cost of new plants are balanced with power rates and interest rates. And, at the end of the day, most of Santee Cooper's revenue goes to paying down its debt, reinvesting in existing plants and building new facilities. Tiencken calls it "moving the elephant one inch at a time."

"Obviously we have a great interest in what the state wants and what the state needs because we are an asset of the state and we think we should be involved in making the state's objectives a reality," Tiencken said. "However, we have very real obligations. ... We have to balance those interests with the interests of the state."

There are close to 2,000 public utility companies in the United States. Some contribute to their state's coffers; others don't.

Energy Northwest, a joint-operating agency of 18 public utilities in the Pacific Northwest, pays a privilege tax to state and local governments amounting to 1.6 percent of its revenue.

The N.Y. Power Authority, a state-owned utility, pays similar taxes but is under no obligation to give the state a set amount year in and year out.

Santee Cooper officials stressed that with a capital-intensive industry such as power generation, there's not much room for it to give more.

"You have to plant so much hardware and metal into the ground that investment has to have some reasonable certainty of return," Tiencken said. "If you don't have a reasonable certainty of return (to bondholders), then people aren't going to spend money on it."

Taking on more debt is not part of Tiencken's vision for the company. In fact, he's bent on reducing its current debt levels. About 70 percent of the company's assets were financed by bonds that need to be repaid. Tiencken wants to reduce that percentage to

financed by bonds that need to be repaid. Tiencken wants to reduce that percentage to about 65 percent.

At the same time, the company is planning to meet the increased power needs of a growing population.

Santee Cooper now has about \$2.7 billion in debt and plans to sink another \$508 million in capital expenditures this year. Last year, Santee Cooper issued \$921.7 million in bonds, capital that went to refunding bonds issued in the early 1990s; funding construction on a coal-burning generator that will start operating in 2007; and building a natural gas burning generator in Iva, a town in the northwest corner of the state.

Santee Cooper has spent about \$280 million in recent years to meet higher environmental standards and to make its plants compliant with the Bush administration's recent tweaking of the Clean Air Act.

Sanford supports the idea of lowering Santee Cooper's debt, but he wants the eventual savings returned to taxpayers, not dedicated to construction of new plants.

"If you've got a stable business with certain demand, fairly consistent estimates in terms of capital need, why would you need to have a heavy debt load?" he asked. "Why wouldn't you lower that number so that you could pay a higher dividend back to the taxpayers of South Carolina, rather than to a coupon holder in New York or New Jersey?"

INFLUENCE ON THE BOARD

Making some of the bigger changes suggested by Sanford wouldn't come easily.

For starters, Santee Cooper officials said Columbia lawmakers would have to change Santee Cooper's charter for the company to raise rates or scale back service.

"If you can change the rules of the game, then you can look at what's best for the state," said Edwards, the board chairman.

Sanford may be looking to do just that. At his meeting with Santee Cooper officials, Sanford said the enabling statutes could be changed, and he hasn't ruled out the idea of pushing such a change in the General Assembly, according to Sanford spokesman Will Folks.

Currently, the state's only control over Santee Cooper operations resides in the governor's right to appoint its board of directors.

Although board members have seven-year terms, former Gov. Jim Hodges won the right to replace members at his discretion in 2000. Hodges promptly cleared the slate and tapped 11 new directors.

Since he took office in January, Sanford has appointed seven new board members, including Edwards.

As Sanford said earlier this year in addressing various agency board appointments, a good board "is not a rubber-stamp board but one that gets very much into management."

Claude Marchbanks, a former state representative and one of the board members Hodges ousted in 2000, said Sanford could end up with a "tremendous amount" of influence over Santee Cooper's operations. He warned the new governor to step lightly, though, and not to try to fix something that's not broken.

"You don't want the Legislature to wind up running the business. That could be detrimental," Marchbanks said. "Santee Cooper is a right arm for the state, and we should be very, very careful about changing its operations or the manner of its operations."

In the closing minutes of his meeting with Tiencken, Sanford asked whether Santee Cooper leaders would "meet perceptively" a request from Columbia to share a larger

percent of annual operating revenue with the state.

The comment was first met with laughter around the room before Edwards broke in. "I don't believe that we can arbitrarily do that," he said.